

MEMPHIS FUNDERS' RACIAL EQUITY AUDIT 2023 AGGREGATE REPORT

Prepared for the Mid-South Philanthropy Network

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This process was originated and guided by a subcommittee of the Mid-South Philanthropy Network.

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EXECUTIVE SUMMARY

Developed by the Mid-South Philanthropy Network as a self audit, the purpose of the Memphis Funders' Racial Equity Audit is to measure the extent of local equitable grantmaking, uncover shortfalls, and reflect on and put into action ways to create more racially equitable grantmaking. The first audit was conducted in 2020, covering a three-year period. This second audit covers the next three years. Thirteen of the 20 Mid-South Philanthropy members participated (down from 17 in 2020), most by filling out a survey and completing a video conference interview with consultants; one of these members did not provide any grantmaking data so was excluded from any statistics you will see in this report; one did not schedule an interview. Four additional funders also participated (two intermediaries that are non-members, one corporate grantmaker, and one national foundation), resulting in a total of 17 participating funders. This report provides anonymized data that summarizes the findings of the surveys and interviews. Each participating funder also received an individualized report.

Local Data

The following is a summary/key points of observations based on **local data collected/reviewed**:

- Percentages in all data categories increased for the data group of all funders.
 - The data categories are: total dollar amount and number of grants to organizations led by a person of color and total dollar amount and number of grants to organizations that prioritize communities of color
 - The data groups are: all funders, traditional funders, funders led by a person of color, and intermediary funders
 - The increase in percent focused on communities of color, however is reportedly likely due to funders categorizing organizations more generously (ex. Several funders said they realized all our grantee organizations focus on communities of color.)
- Out of the four data groupings, the only group that didn't increase the total dollar amount of grants to organizations led by a person of color is the group of funders led by a person of color; though this group started the audit period with a higher percentage (46% in 2020) than traditional funders (33% in 2020).
- Intermediary funders have the highest rates of giving to organizations led by a person of color – 57% in 2022.

- As found in the 2020 audit also, the diversity level of staff tends to reflect the diversity level of the board of directors. Out of the 16 participating funders:
 - Ten of the boards are majority white/caucasian. Out of these, majority white boards, eight also have a majority white staff (similar to the last audit).
 - Three of the boards are majority Black¹. Of these, staff are also majority Black.
- For the majority of participating funders (nine out of 16 or 56%) the top paid decision-maker is white (up from 53% in the last audit).
- Though the Latinx population accounts for 7.7% of the Memphis population, only three funders have over 7% Latinx board membership (up from one in the last audit), with only three having any Latinx staff members (up from one in the last audit). No top paid leader is Latinx.
- A greater percentage of local white nonprofit employees receive cost of living raises and performance-based raises than Black nonprofit employees.

Interview Observations

The following is a summary of observations based on **local interviews**:

- Most participating funders saw their numbers increase in all categories of collected grantmaking data. This seems to be a reaction to disappointment in the last audit results, subsequent intentionality, and in conversations and goals set by the Taskforce.
- Black-led funders continue to report that priority on racial equity is organic - “built in” - while non-Black funders describe a relatively new priority on racial equity with specific action steps.
- Since the last audit, most participating funders have created a system to reliably collect the requested data.
- Some funders report that they use the racial equity data they are collecting with the board and with the public.
- Funders report that conversations about racial equity are more frequent and normed, particularly at the staff level.
- Staff and board training have occurred, but less frequently than they report is desirable - particularly on the board level.
- Some funders participated in training led by a third party.

¹ The report follows the AP Style guide regarding capitalization of Black and Latinx. <https://apnews.com/article/9105661462>

- Some funders created a specific “equity plan” and linked it to their strategic plan.
- Funders still report that boards are a challenge in discussing and acting on racial equity principles, however some report progress. Additionally, organizations that are governed by a majority Black board and/or a Black board chair report more board buy-in.
- A couple of funders mentioned that involving people who are being served through grants in funding decisions is an equity strategy. It is notable that both these funders are intermediaries.
- Some traditional funders mentioned the importance of funding through intermediaries; and some intermediaries note their unique role in the funding sector and how that aligns with racial equity.

National Context & Recommendations

The following is a summary of the **national context and recommendations**:

- Philanthropy has made some progress in advancing racial equity and justice in the past few years, but there is still much work to be done.
- Funders need to continue to examine their own policies, practices, cultures, and power dynamics that may perpetuate or exacerbate racial inequities within their organizations and in their grantmaking.
- Funders also need to listen to and learn from the communities they seek to serve, especially those that have been historically underrepresented and underserved by philanthropy.
- Funders need to invest more strategically and sustainably in organizations and movements that are led by and for people of color, especially Black, Indigenous, and other marginalized groups.
- Funders need to collaborate more effectively with each other and with other sectors to leverage their collective resources and influence for greater impact.
- Funders need to measure and communicate their progress and challenges in advancing racial equity, both internally and externally.

Participating Funders’ Recommendations

Participating funders created **high-quality recommendations and these are echoed by the consultants**. Recommendations are wide-ranging and cover the following categories, with one example listed for each:

- Funders have recommendations for the Mid-South Philanthropy Network as a group.
 - Ex. Several participating foundations expressed concern over the relatively low number of participating organizations (when compared to the overall number of grantmakers in the Mid-South) and made related recommendations.
- Funders have recommendations for applications and compliance processes.
 - Ex. Standardize how you conduct site visits, including ensuring that the same questions are asked at each site visit.
- Funders have recommendations concerning the board and staff.
 - Ex. Create an intentional shift in your board-level work. Gain board champions who are conversant in the tenants of diversity, equity, and inclusion and who can speak peer-to-peer about this work.
- Funders have recommendations concerning funding, communications, and spending.
 - Ex. Prioritize equitable giving by awarding more multi-year, unrestricted/operating funds - acknowledging that organizations need time to create change.

Consultant Recommendations

This audit is notable for the high-quality recommendations that came from audit participants themselves. We echo those recommendations and underline the importance of the following:

- Set the expectation that grantees partner with and hire from the community they are serving, asking the community to come up with and be implementers of the solutions.
- Prioritize unrestricted funding to Black and Brown led organizations.
- Learn about trust-based philanthropy and lean into the practices of this work² (see full report for more).
- Track, review, and report your grantee demographics to the staff and board and use it as a platform for discussion.
- Mirror your board and staff composition with our population demographics (majority Black and at least 7% Latinx) to the greatest extent possible. Set goals and timelines for diversifying representation on your board and other decision-making bodies.
- Open up your grantmaking committee nominations process so demographics mirror our population statistics and people join who are not known to staff and board already. For

² Bulleted list is from <https://www.trustbasedphilanthropy.org/practices>

family foundations, identify opportunities for community members to be a part of grant decision processes.

- Develop consistency in your grantmaking processes to eliminate biases toward known organizations and/or organizations where decision-makers have personal connections.
- Work for changes around racial equity and racial justice to be sustained, building it into the normal course of operations to protect against it being a moment in time movement.
- Solidify and expand the Network's focus on racial equity by encouraging group learning and information sharing, peer support and influence, and shared goals and metrics.

INTRODUCTION

The goal of this audit is to measure the extent of local equitable grantmaking, uncover shortfalls, and reflect on and put into action ways to create more racially equitable grantmaking. The Mid-South Philanthropy Network Racial Equity Taskforce members developed the process listed below, engaging two consultants to guide participants through this work and to write the reports. This is the second of two audits (the first issued in 2020), both of which cover three-years of grantmaking. This report provides anonymized data and lists the participating organizations. Participating organizations also received individual reports relaying their individual outcomes and action plans.

Methodology & Participation

The Mid-South Philanthropy Network developed the following process during virtual meetings in winter-spring of 2022-23. Network members were then invited by email to participate.

- All members of the Mid-South Philanthropy Network were invited to participate in the survey and a follow-up interview. Additionally invited to participate were non-member funding organizations - local funding intermediaries, corporate foundations and giving offices, and national foundations with Memphis investments.
- Consultants conducted interviews with each organization that opted into the interview portion (see interview questions in the addendum).
- Consultants also took additional information via email from participants.
- Consultants conducted research on national efforts and data relevant to racial equity in philanthropy and the nonprofit sector.

Thirteen of the 20 Mid-South Philanthropy Network (Network) members participated (down from 17 participating members in 2020), most by filling out a survey and completing a video conference interview with consultants; one of these members did not provide any grantmaking data so was excluded from any statistics you will see in this report; one did not schedule an interview. Four additional funders also participated (two intermediaries that are non-members, one corporate grantmaker, and one national foundation), resulting in a total of 17 participating funders. In 2020, the Network's leadership group for this audit and the consultants agreed on this definition of an funding intermediary - An organization that foundations are awarding dollars to specifically for the purpose of regranting; and are chosen to regrant dollars because of their deep knowledge of and helpful working relationships with grantees.

Participating funders for this audit are (see asterisk indicating 2020 participation also):

- Seven funding intermediaries
 - ArtsMemphis*
 - Community LIFT* (not a member of the Network)
 - Memphis Education Fund* (not a member of the Network)
 - Memphis Music Initiative*
 - Music Export Memphis
 - Whole Child Strategies*
 - Women’s Foundation for a Greater Memphis*
- Two corporate foundations/giving offices
 - Mass Mutual (not a member of the Network)
 - First Horizon Foundation*
- Two family foundations
 - Hyde Family Foundation*
 - Kemmons Wilson Family Foundation
- Six other foundations
 - T.W. Briggs Foundation*
 - The Assisi Foundation of Memphis, Inc.*
 - Community Foundation of Greater Memphis*
 - The Kresge Foundation*
 - Urban Child Institute*
 - Annie E. Casey Foundation (not a member of the Network)

LOCAL CONTEXT

To put this report into context, the below sections describe related work and statistics around the time of and since the 2020 audit.

Network Goals and Recommendations After the 2020 Audit

Following the 2020 audit the Network Taskforce members continued to work, issuing the following goals and recommendations³ to fellow Network members:

- Increase your foundation’s giving to BIPOC-led (Black, Indigenous, and People of Color) organizations to 35% of your total foundation giving.
- Recognize barriers to meeting the above goal - i.e. burdensome grant reporting (particularly for small grants), “Black people unfairly shouldering the equity load for white philanthropy leaders,” the same people serving on grant allocation/review committees for long periods of time, lack of “racial competence on these allocation committees,” and more.
- Do not “dive deep into the busy work of DEI without focusing on the most important metric—dollars.”
- Decenter whiteness in philanthropic practice, using assessment tools, training, and a focus on equitable giving.

Taskforce members also developed the following “revelations”:

“Memphis, as a place, has historically overcapitalized white institutions and leadership at the expense of devaluing Blackness, Black people, and Black bodies. There are no silos when it comes to oppression. All Memphis sectors act in concert to diminish Black people.”

“If we are to shift toward racial equity, it means we must acknowledge we supported white supremacy in our practices. And that correction/reconciliation/reparation involves no longer underfunding and underinvesting in BIPOC led/serving organizations.”

³ Click [here](#) for a presentation of the full report/recommendations.

Network Participation in More for Memphis

Made possible by the investment of national foundations and the diligent work of 300+ community partners and many community members, [More for Memphis](#) is a community-wide plan (currently in the finalization stages) for social and economic mobility of Black and Brown Memphians. An integral piece of this work is the use of an anti-racism, results-based facilitation framework and training, delivered by [Equity and Results](#). Ten Network member organizations⁴ participated in this work, developing strategies for local philanthropy. As part of their work, Network members discussed the following definitions (developed by Equity and Results, but largely adopted from [Race Forward](#)):

- **Anti-racism** The affirmative and visible act of interrupting racism by rejecting false notions of human difference, acknowledging lived experiences shaped along racial lines, learning from diverse forms of knowledge and experience, and challenging systems of power that uphold racial inequality.
- **Inclusion** Authentically bringing traditionally excluded individuals and/or groups into processes, activities, and decision/policy making in a way that shares power.
- **Racial Equity** Racial equity is both an outcome (RESULT) and a process. As an outcome, we achieve racial equity when race no longer predicts one's socioeconomic, political, and life outcome. As a process, we apply race equity when those impacted by structural racial inequality, including communities and employees of Color, are meaningfully involved in the creation and implementation of the institutional policies and practices that impact their lives.

More for Memphis philanthropic strategies include:

- Leverage/fund disruptive Black intermediaries - where white philanthropy does not have to be at the table.
- Create a funder organizing collaborative focused on equity and antiracism.
 - Publicly commit to trusting the More for Memphis anchor collaboratives and set up a structure to collectively fund at least one strategy from each collaborative for at least five years.
 - Host a community-wide "funder briefing," including the county's Reparations Commission.

⁴ALSAC, Baptist Memorial Healthcare Foundation, Community Foundation of Greater Memphis, Hyde Family Foundation, Thomas W. Briggs Foundation, Literacy Mid-South, Pyramid Peak Foundation, Whole Child Strategies, Women's Foundation for Greater Memphis, and Urban Child Institute.

- Eliminate number-widgit counting from grant reports, utilizing instead the trust-based philanthropy model.

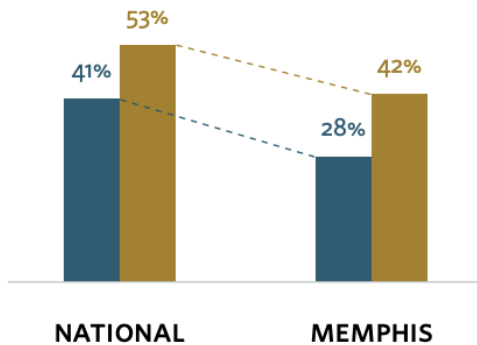
The Racial Leadership Gap in Memphis Study

Momentum Nonprofit Partners, conveners of the Network, facilitated Memphis’ participation in a national study of the demographics of nonprofit leadership. Called [The Nonprofit Racial Leadership Gap in Memphis: A Race to Lead Brief](#), the 2019 study (unavailable during the 2020 audit) includes findings from the more than 5,200 nationwide respondents and the subset of almost 190 people who work for organizations in Memphis. The below charts are excerpts from this report.

FIGURE 9 | RESPONDENT COMPENSATION

● PEOPLE OF COLOR ● WHITE

I received a cost of living raise.



I received a performance-based raise.

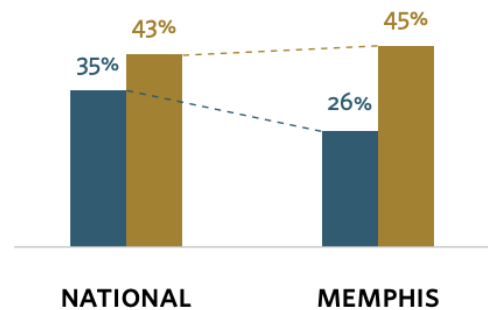
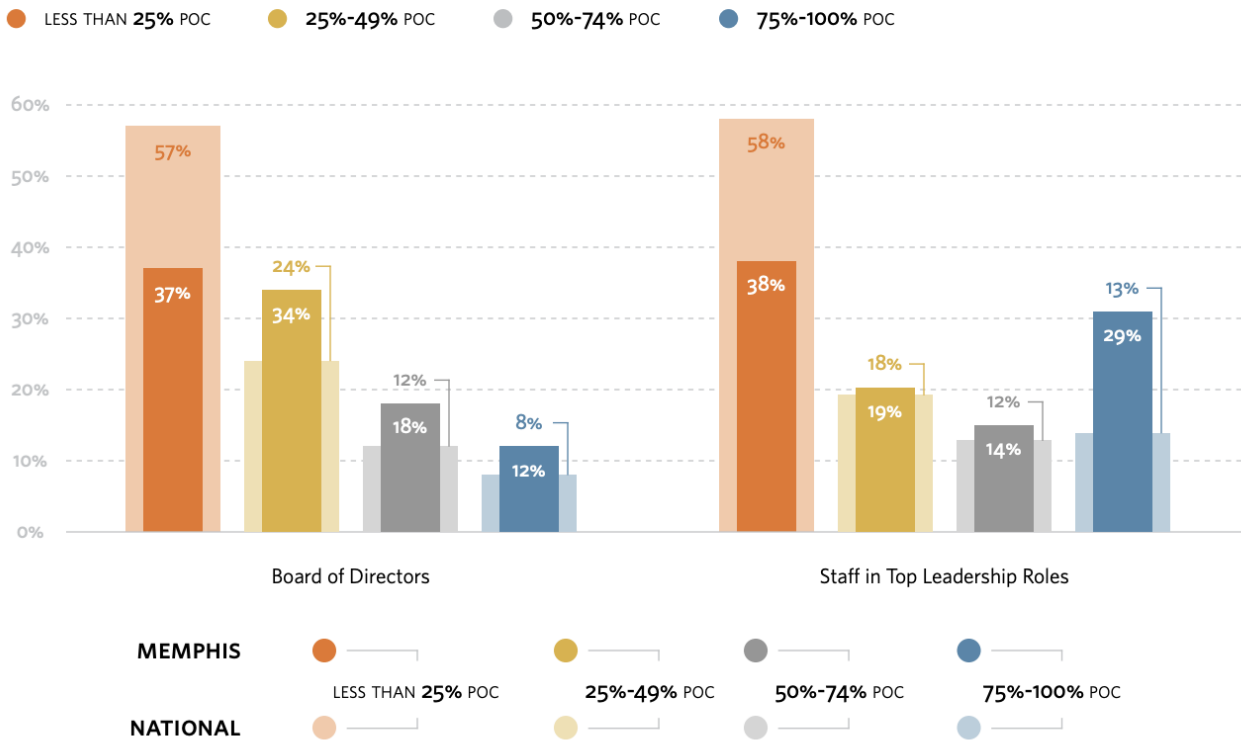


FIGURE 13 | RACIAL COMPOSITION OF ORGANIZATIONAL STAKEHOLDERS



Mid-South Compensation Report

In 2021 Momentum Nonprofit Partners issued their second [Mid-South Compensation Report](#), with 169 local nonprofits providing the data. The following is a excerpt:

Organizational Size and Budget

- Black-led organizations are six times as likely to be in operation for less than three years compared to White-led organizations.
- Black-led organizations typically have smaller budgets than White-led organizations.

CEO Compensation

- Black female CEOs are paid 11% less than Black male CEOs.
- There is no significant difference in compensation based on race for organizations with budgets under \$2,500,000.
- For organizations with budgets over \$2,500,000, Black CEOs are paid 17% less than White CEOs on average.

Organizational Culture

- White-led organizations are twice as likely to have trouble retaining employees due to excessive workloads compared to Black-led organizations.
- White-led organizations are twice as likely to struggle with retaining development staff.
- Black-led organizations are less likely to offer professional development opportunities for staff compared to White-led organizations.

LIVE/GIVE Nonprofit Profiles

The most comprehensive local database of Memphis nonprofits is the Community Foundation of Greater Memphis' LIVEGIVEmidsouth.org, which holds 495 Memphis area nonprofit profiles. Reported demographics for the race of the executive director/CEO follow.

- 43% indicate White/Caucasian
- 27% did not indicate a race
- 25% indicate Black/African American
- 2% indicate Hispanic/Latinx
- 1% indicate Other
- .8% indicate Asian American/Pacific Islander

Reported average demographics for the ethnic/racial makeup of non-profit boards follow.

- 61% White/Caucasian
- 33% Black/African American
- 3% Hispanic/Latinx
- 2% Asian American Pacific Islander
- 1% Other ethnicity
- 1% Ethnicity not indicated
- .2% Native American Indian

Population Estimates

The table below shows US Census 2022 and 2019 (as comparative demographics from the last audit) estimated racial demographic information for the Memphis area.

POPULATION ESTIMATES

2022	Black	White	Latino	Two or More Races	Asian	American Indian
City of Memphis	64.6%	27.1%	7.7%	2.7%	1.7%	.3%
Shelby County	44.6%	40.4%	6.9%	1.7%	2.9%	.4%

2019	Black	White	Latino	Two or More Races	Asian	American Indian
City of Memphis	64%	26%	7%	1.6%	1.6%	.2%
Shelby County	54%	41%	7%	1.6%	3%	.3%

AUDIT FINDINGS

SURVEY DATA & THEMES

What follows is anonymized survey data along with related observations. Please note that because sample sizes varied per organization and per year, on the advice of mathematicians, the consultants did not average percentages across organizations in order to draw observations⁵.

STAFF & BOARD DEMOGRAPHICS

Below is a listing of staff and board demographics as reported by each survey respondent.

NOTES:

- Rows highlighted in gray indicate intermediary organizations.
- Rows with bolded numbers indicate organizations led by a person of color (CEO and/or primary, paid decision-makers on grants).

2023 AUDIT	
STAFF	BOARD
<ul style="list-style-type: none"> • 50% Black/African American • 44% White/Caucasian • 6% Other 	<ul style="list-style-type: none"> • 57% White/Caucasian • 38% Black/African American • 5% Asian
<ul style="list-style-type: none"> • 100% White/Caucasian 	<ul style="list-style-type: none"> • 72% White/Caucasian • 37% Black/African American
<ul style="list-style-type: none"> • 66% White/Caucasian • 17% Black/African American • 17% Latinx/Hispanic 	<ul style="list-style-type: none"> • 50% White/Caucasian • 25% Black/African American • 25% Latinx/Hispanic
<ul style="list-style-type: none"> • 72% White/Caucasian • 14% Black/African American • 14% Other (multi racial) 	<ul style="list-style-type: none"> • 73% White/Caucasian • 23% Black/African American • 4% Latinx/Hispanic
<ul style="list-style-type: none"> • 52% White/Caucasian • 28% Black/African American 	<ul style="list-style-type: none"> • 72% White/Caucasian • 23% Black/African American

⁵ For a clear explanation see: <https://www.robertoreif.com/blog/2018/1/7/why-you-should-be-careful-when-averaging-percentages>

<ul style="list-style-type: none"> ● 14% American Indian 	<ul style="list-style-type: none"> ● 1% Asian ● 1% Other
<ul style="list-style-type: none"> ● 80% Black/African American ● 20% White/Caucasian 	<ul style="list-style-type: none"> ● 50% White/Caucasian ● 50% Black/African American
<ul style="list-style-type: none"> ● 80% White/Caucasian ● 20% Black/African American 	<ul style="list-style-type: none"> ● 100% White/Caucasian
<ul style="list-style-type: none"> ● 100% Black/African American 	<ul style="list-style-type: none"> ● 86% Black/African American ● 14% White/Caucasian
<ul style="list-style-type: none"> ● 52% White/Caucasian ● 27% Black/African American ● 9% Asian ● 7% Latinx/Hispanic ● 5% Other 	<ul style="list-style-type: none"> ● 27% White/Caucasian ● 27% Black/African American ● 18% Asian ● 18% Latinx/Hispanic ● 10% Other
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 100% White/Caucasian
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 69% White/Caucasian ● 31% Black/African American
<ul style="list-style-type: none"> ● 72% Black/African American ● 28% White/Caucasian 	<ul style="list-style-type: none"> ● 75% Black/African American ● 25% White/Caucasian
<ul style="list-style-type: none"> ● 44% White/Caucasian ● 39% Black/African American ● 5% Latinx/Hispanic ● 5% Asian 	<ul style="list-style-type: none"> ● 57% White/Caucasian ● 21% Black/African American ● 21% Latinx/Hispanic
<ul style="list-style-type: none"> ● 60% Black/African American ● 40% White/Caucasian 	<ul style="list-style-type: none"> ● 45% White Caucasian ● 40% Black/African American ● 5% Latinx/Hispanic ● 5% Asian ● 5% Native Hawaiian/Islander/Other
<ul style="list-style-type: none"> ● 67% Black/African American ● 17% White/Caucasian ● 17% Asian 	<ul style="list-style-type: none"> ● 71% Black/African American ● 29% White/Caucasian
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 58% White/Caucasian ● 33% Black/African American ● 8% Asian//Biracial

2020 AUDIT	
STAFF	BOARD
<ul style="list-style-type: none"> ● 55% White/Caucasian ● 45% Black/African American 	<ul style="list-style-type: none"> ● 50% White/Caucasian ● 50% Black/African American
<ul style="list-style-type: none"> ● 80% Black/African American ● 20% White/Caucasian 	<ul style="list-style-type: none"> ● 100% Black/African American
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 100% White/Caucasian
<ul style="list-style-type: none"> ● 62% White/Caucasian ● 28% Black/African American ● 14% American Indian 	<ul style="list-style-type: none"> ● 89% White/Caucasian ● 10% Black/African American ● 1% Other
<ul style="list-style-type: none"> ● 65% Black/African American ● 35% White/Caucasian 	<ul style="list-style-type: none"> ● 55% Black/African American ● 43% White/Caucasian ● 2% Latinx/Hispanic
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 75% White/Caucasian ● 25% Black/African American
<ul style="list-style-type: none"> ● 75% Black/African American ● 50% White/Caucasian 	<ul style="list-style-type: none"> ● 50% Black/African American ● 50% White/Caucasian
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 86% White/Caucasian ● 14% Black/African American
<ul style="list-style-type: none"> ● 57% Black/African American ● 43% White/Caucasian 	<ul style="list-style-type: none"> ● 86% White/Caucasian ● 14% Black/African American
<ul style="list-style-type: none"> ● 83% White/Caucasian ● 17% Black/African American 	<ul style="list-style-type: none"> ● 77% White/Caucasian ● 23% People of Color
<ul style="list-style-type: none"> ● 100% White/Caucasian 	<ul style="list-style-type: none"> ● 73% White/Caucasian ● 27% Black/African American
<ul style="list-style-type: none"> ● 60% Black/African American ● 20% White/Caucasian ● 20% Asian 	<ul style="list-style-type: none"> ● 50% White/Caucasian ● 50% Black/African American
<ul style="list-style-type: none"> ● 70% White/Caucasian ● 20% Black/African American ● 10% Asian 	<ul style="list-style-type: none"> ● 100% White/Caucasian
<ul style="list-style-type: none"> ● 54% White/Caucasian ● 31% Black/African American 	<ul style="list-style-type: none"> ● 58% White/Caucasian, ● 17% Black/African American

<ul style="list-style-type: none"> ● 6% Asian ● 5% Latinx/Hispanic ● 3% Other ● 1% American Indian/Alaska Native 	<ul style="list-style-type: none"> ● 17% Latinx/Hispanic ● 8% Asian
<ul style="list-style-type: none"> ● 59% White/Caucasian ● 35% Black/African American ● 6% Other 	<ul style="list-style-type: none"> ● 54% White/Caucasian ● 36% Black/African American ● 5% Latinx/Hispanic ● 5% Asian

OBSERVATIONS

- The diversity level of staff tends to reflect the diversity level of the board of directors. Out of the 16 participating funders:
 - Ten of the boards are majority white/caucasian. Out of these, majority white boards, eight also have a majority white staff (similar to the last audit).
 - Three of the boards are majority Black⁶/African American. Of these, staff are also majority Black.
- For the majority of participating funders (nine out of 16 or 56%) the top paid decision-maker is white (up from 53% in the last audit).
- Though Latinx accounts for 7.7% of the Memphis population, only three funders have over 7% Latinx board membership (up from one in the last audit), with only three having any Latinx staff members (up from one in the last audit). No top paid leader is Latinx.

GRANT AWARDS OVERALL

Below are four tables showing the breakdown of grants awarded to organizations led by a person of color and grants awarded to organizations that prioritize communities of color, by total dollars awarded and by total number of grants awarded. The tables show the grant awards made by all participating funders; by traditional funders (excluding the intermediaries); by funders led by a person of color (CEO); and by intermediaries (whose leaders are people of color, save two). The data was generated from the following questions:

- How much in grant funds (dollar amount, not percentage) did your foundation award to organizations where the highest ranking staff member (ED/CEO/President) is a person of color?

⁶ The report follows the AP Style guide regarding capitalization of Black and Latinx. <https://apnews.com/article/9105661462>

- How many grants (not dollar amount) did your foundation award to organizations where the highest ranking staff member (ED/CEO/President) is a person of color?
- How much in grant funds (dollar amount, not percentage) did your foundation award to organizations that prioritize communities of color (stated in grant applications, mission statement, vision statement, etc.)?
- How many grants (not dollar amount) did your foundation award to organizations that prioritize communities of color (stated in grant applications, mission statement, vision statement, etc.)?
- What is the total dollar amount that your foundation awarded in 2019 (within the geographic area you selected above)?

OVERALL OBSERVATIONS

The following observations are based on looking at all four data groupings:

- Percentages in all categories increased for data grouping of all funders.
- Out of the four data groupings, the only group that didn't increase the total dollar amount of grants to organizations led by a person of color is the group of funders led by a person of color; though this group started the audit period with a higher percentage (46% in 2020) than traditional funders (33% in 2020).
- Intermediary funders have the highest rates of giving to organizations led by a person of color – 57% in 2022.

ALL FUNDERS				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2022	48%	40%	57%	55%
2021	39%	40%	53%	49%
2020	37%	24%	45%	35%
2019	31%	30%	48%	39%
2018	26%	32%	44%	40%
2017	37%	29%	41%	MD

CofC = Communities of Color POC = Person of Color MD = Missing Data

OBSERVATIONS FOR ALL FUNDERS TABLE

- There was a consistent increase in the total dollars awarded in grants to organizations led by a person of color - from 37% in 2020 to 48% in 2022; this is contrasted with an overall decline during the last audit period – from 37% in 2017 to 31% in 2019.
- There was a significant increase in the number of grants awarded to organizations led by a person of color - 24% in 2020 to 40% in 2023; this is contrasted by a slight increase during the last audit period – from 29% in 2017 to 30% in 2019. Please note that over the two audit periods, 2020 saw the lowest number of grants awarded to organizations led by a person of color.
- There was an increase in the total dollars and number of grants awarded to organizations that prioritize communities of color.
- Please note that because intermediary organizations were included, some funds are accounted for twice; most likely resulting in the appearance that more grants are given to Black-led organizations. For example, X funder grants to a Black-led organization that is an intermediary (five of the six intermediaries are Black-led); that intermediary then regrants those same dollars to other organizations, many of which are also Black-led.

Below is the same information, but excluding grants made by intermediary organizations.

TRADITIONAL FUNDERS				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2022	45%	36%	52%	55%
2021	36%	37%	50%	45%
2020	33%	33%	37%	48%
2019	29%	36%	43%	33%
2018	21%	39%	36%	36%
2017	35%	38%	30%	33%

OBSERVATIONS FOR TRADITIONAL FUNDERS TABLE

- There was an overall increase in total dollars awarded in grants to organizations led by a person of color - from 33% in 2020 to 45% in 2022; this is contrasted with the overall decline during the last audit period – from 35% in 2017 to 29% in 2019.
- For the number of grants awarded to organizations led by a person of color the results were mixed. The audit period started with a lower percentage from the previous audit period’s highest percentage (33%, as opposed to a high of 39%) and ended with 36%, a percentage point lower than the previous year.
- There was an increase in the total dollars and number of grants awarded to organizations that prioritize communities of color.

Below is the same information but for grants made by funders led by a person of color (CEO).

FUNDERS LED BY POC				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2022	42%	62%	49%	81%
2021	37%	61%	55%	79%
2020	46%	51%	54%	75%
2019	37%	48%	63%	73%
2018	30%	50%	56%	69%
2017	41%	48%	69%	MD

OBSERVATIONS FOR FUNDERS LED BY POC TABLE

- The total amount of dollars awarded to organizations led by a person of color declined from 46% in 2020 to 42% in 2022. There was a similar decline in the previous audit period.
- The total number awarded increased from 51% in 2020 to 62% in 2022; this is compared to the last audit period where that percentage held steady.
- The total amount of dollars awarded to organizations that prioritize communities of color declined from 54% in 2020 to 49% in 2022; compared to a similar decline in the

last audit period (from 69% in 2017 to 63% in 2019). Meanwhile the total number awarded increased from 75% in 2020 to 81% in 2023; compared to a similar increase during the last audit period (69% in 2018 to 73% in 2019).

Below is the same information but for grants made by intermediary funders.

INTERMEDIARY FUNDERS				
	Grants to Organizations Led by POC		Grants to Organizations that Prioritize CofC	
	total \$ awarded	total # awarded	total \$ awarded	total # awarded
2022	57%	44%	72%	59%
2021	62%	43%	75%	55%
2020	54%	16%	72%	23%
2019	47%	42%	79%	50%
2018	42%	40%	76%	46%
2017	47%	40%	82%	MD

MD = missing data

OBSERVATIONS FOR INTERMEDIARY FUNDERS TABLE

- The total amount of dollars awarded to organizations led by a person of color increased over time - 54% in 2020 to 57% in 2022; this is compared to the last audit period where there was no increase over time (47%).
- There was a similar increase in the total number awarded to organizations led by a person of color - 16% in 2020 (which was extremely low when compared to the last audit period) to 44% in 2022.
- The total amount of dollars awarded to organizations that prioritize communities of color was lower than the last audit period overall and held steady at 72% (with a slight increase in 2021). This is compared to the last audit period which saw a decrease from 82% in 2017 to 79% in 2019, while the total number awarded increased from 46% in 2018 to 50% in 2019.

GRANT AWARDS BY FUNDER

Below is a table of the percentages of grants per funder awarded each year from 2020-2022, as collected via the survey.

2022				2021				2020			
POC LED		CofC Prioritized		POC LED		CofC Prioritized		POC LED		CofC Prioritized	
total \$	total #	total \$	total #	% of total	total #	total \$	total #	total \$	total #	total \$	total #
86%	70%	24%	65%	53%	50%	45%	53%	46%	47%	37%	38%
17%	40%	37%	67%	47%	41%	78%	66%	24%	15%	54%	48%
62%	67%	100%	100%	45%	67%	100%	100%	54%	67%	100%	100%
32%	28%	51%	44%	32%	35%	46%	46%	17%	22%	29%	31%
28%	26%	31%	26%	19%	18%	39%	18%	27%	17%	26%	24%
73%	73%	100%	100%	88%	84%	100%	100%	44%	66%	100%	100%
51%	32%	45%	38%	39%	33%	26%	31%	28%	28%	26%	59%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
75%	70%	73%	74%	37%	57%	66%	60%	47%	54%	9%	58%
10%	31%	41%	69%	4%	13%	11%	33%	15%	17%	32%	41%
35%	47%	100%	100%	38%	40%	100%	100%	38%	33%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%	100%	94%	100%	100%
9%	17%	9%	17%	33%	43%	21%	43%	40%	20%	11%	30%
68%	63%	100%	100%	66%	66%	100%	100%	57%	51%	100%	100%
83%	58%	99%	83%	84%	70%	100%	100%	74%	67%	100%	94%
44%	39%	44%	39%	13%	19%	13%	19%	2%	2%	2%	2%

CofC = Communities of Color POC = Person of Color

As a comparison, here are the statistics from the previous audit.

2019				2018				2017			
POC LED		CofC Prioritized		POC LED		CofC Prioritized		POC LED		CofC Prioritized	
total \$	total #	total \$	total #	% of total	total #	total \$	total #	total \$	total #	total \$	total #
18%	20%	0%	0%	17%	43%	0%	0%	18%	24%	0%	0%
16%	18%	10%	10%	17%	18%	12%	11%	14%	19%	3%	5%
54%	60%	100%	100%	44%	60%	89%	100%	56%	60%	100%	100%
21%	20%	21%	18%	23%	16%	23%	25%	25%	13%	23%	28%
47%	48%	77%	85%	11%	20%	38%	80%	21%	29%	52%	67%
71%	41%	100%	85%	58%	49%	88%	76%	46%	46%	100%	75%
11%	25%	19%	26%	10%	18%	19%	23%	9%	17%	12%	19%
39%	49%	64%	74%	53%	78%	63%	67%	45%	97%	80%	MD
22%	17%	24%	17%	25%	16%	8%	6%	29%	27%	38%	27%
100%	100%	100%	100%	73%	91%	98%	96%	44%	65%	82%	65%
42%	33%	73%	75%	37%	28%	88%	74%	59%	42%	25%	71%
14%	16%	26%	31%	11%	13%	25%	36%	32%	16%	36%	20%
54%	68%	100%	100%	36%	67%	90%	96%	35%	63%	96%	98%
100%	100%	100%	100%	100%	100%	100%	100%	86%	60%	100%	100%

CofC = Communities of Color POC = Person of Color MD = Missing Data

NOTES

- Rows highlighted in gray indicate intermediary organizations.
- Rows with bolded numbers indicate organizations led by a person of color (CEO and/or primary, paid decision-makers on grants).
- Funder statistics are not listed in the same order as the previous audit.

OBSERVATIONS

- Regarding the goal of 35% of total grant dollars to organizations led by people of color set by the Taskforce, 11 of the 16 (69%) funders met this goal.

- Of those 11, five of those funders (45%) are led by people of color (out of a total seven funders that are led by people of color), five of them (45%) are intermediary funders (out of a total of 7 intermediary funders), and five (45%) are traditional funders (out of nine traditional funders).
- Of the eight organizations that gave 55% or more of their total giving to organizations led by people of color (55% being the median population percentage of Black/African American residents living in Memphis or Shelby County), five (63%) are funders led by people of color (and also are intermediary funders); three (38%) are traditional funders.
- During the last audit period, the majority of time grants were made to organizations led by a person of color, the grant awards are reported to be in lower dollar amounts than to white-led organizations. This has changed for this audit period (see last audit's number in parentheses) with the exception of one year.
 - In 2020, 38% of funders (2017 - 54% of funders) reported a lower percentage of the total grant dollars awarded to organizations led by a person of color than the percentage of total number of grants awarded to organizations led by a person of color.
 - In 2021, 54% of funders (2018 - 64% of funders) reported a lower percentage of the total grant dollars awarded to organizations led by a person of color than the percentage of total number of grants awarded to organizations led by a person of color.
 - In 2022, 31% of funders (2019 - 57% funders) reported a lower percentage of the total grant dollars awarded to organizations led by a person of color than the percentage of total number of grants awarded to organizations led by a person of color.

OTHER SURVEY QUESTIONS

Below are the results of other survey questions. The results from the previous audit as in parentheses, but not bolded.

1. I will be answering questions about our grants awarded in (please do not provide any information for grants awarded outside the Mid-South region):
 - Memphis and Shelby County only **(12)** (11)
 - Mid-South region (inclusive of Memphis and Shelby County) **(4)** (4)

2. What types of applicants do you grant to? (check all that apply)
- 501(C)(3) **(16)** (15)
 - 501(C)(4) and or other 501(c) type **(5)** (1)
 - Neighborhood/Community Groups without nonprofit status **(4)** (5)
 - Individuals **(3)** (3)
 - Non-incorporated groups with a fiscal sponsor **(2)** (0)
 - Other (space to answer was given) **(one answered government entity, one answered schools)**
3. Do you have an open application process or is it invitation only? (Check all that apply.)
- Open to anyone with application process published **(9)** (10)
 - Invitation only **(8)** (7)
 - Other (space to answer was given)
4. How many times a year can applicants apply for grants? (Check all that apply.)
- Rolling (anytime, with grants reviewed frequently) **(5)** (4)
 - Monthly **(1)** (1)
 - Quarterly **(3)** (3)
 - Three times a year **(1)** (1)
 - Twice a year **(3)** (6)
 - Once a year **(4)** (3)
 - Other (space to answer was given) **(One answered that this changes with the circumstances of each year)**
5. Does your application request demographic information about staff, board, and/or constituents served? (Check all that apply.)
- Staff of the applicant **(13)** (11)
 - Board of the applicant **(12)** (10)
 - Constituents (clients) served by the applicant **(11)** (10)

6. Does your standard application ask organizations how they involve/partner with those they serve (their clients) in developing program ideas/solutions?
- Yes **(9)** (9)
 - No **(5)** (6)
7. What type of grants do you award? (Check all that apply.)
- Project **(15)** (14)
 - Operating **(14)** (12)
 - Capacity-building **(14)** (14)
 - Capital **(7)** (7)
 - Scholarships **(8)** (1)
 - Other **(one answered grants to support touring musicians)**

OBSERVATIONS

- The majority (75%) provided information for their grants in Memphis and Shelby County (as opposed to the wider Mid-South region).
- The majority (56%) offer grants to non-501c3 organizations (either Neighborhood/Community Groups without nonprofit status and/or individuals).
- The majority (56%) have at least one grant fund with an open invitation process.
- The majority (56%) have frequent grant application deadlines (either rolling, monthly or quarterly).
- The vast majority ask grantees for demographics of staff (81%), board (75%), and constituents served (69%). These increased percentages in every category over the last audit.
- Most (56%) ask grantees how they involved/partner with those they serve in developing programs.
- The vast majority of funders offer project (94%), operating (88%), and capacity-building grants (88%). There was an 8% increase in funders that offer operating funds over the last audit period.

INTERVIEW THEMES

All participating funders agreed to an interview. One did not schedule an interview, while the rest answered interview questions during video conference calls.

Much of what was discussed is listed in the section below entitled *Actions Steps Recommended/Planned Locally*. However, themes and quotes are found below. The quotes are offered here anonymously and each interviewee was notified that we may use anonymous quotes in this report.

“It has become an integral part of what we do.”

DATA & DATA USE

- During interviews for the 2020 audit, many expressed concerns about accurate data collection. They noted that they weren't collecting this information and it was tedious to gather it for the report and at times they had to make judgment calls based on incomplete information. Since the last audit, most participating funders have created a system to reliably collect the requested data.
 - “We also added a question to our grant application about whether the organizations are prioritizing communities of color.”
- Some funders report that they use the racial equity data they are collecting with the board and with the public.
 - “When we announce grants we call out the demographics of who we granted to.”
 - “We show those numbers to the board on a dashboard. They change over time and are broken down by program area.”
 - “We flag (grantee) diversity issues for the board when we see it as an ongoing issue.”

INTENTIONAL RACIAL EQUITY CONVERSATIONS, TRAINING & ACTIONS

- Funders report that conversations about racial equity are more frequent and normed, particularly at the staff level.
- Staff and board training have occurred, but less frequently than they report is desirable - particularly on the board level.

- Some participated in training led by a third party.
- Some created a specific “equity plan” and linked it to their strategic plan.

BOARDS

- Funders still report that boards are a challenge in discussing and acting on racial equity principles, however some report progress. Additionally, organizations that are governed by a majority Black board and/or a Black board chair report more board buy-in.
 - “There have been some very uncomfortable exchanges (in board meetings). About 85% are totally on board, the rest are pushing back.”
 - “Race Equity is implicitly discussed at most board meetings; particularly on how we are utilizing the model of asking the community to come up with solutions.”
 - “You have to have a high-quality diverse board member, and not someone who is just happy to have the seat; one who can speak truth respectfully.”
 - “Because we have a Black leader, race equity is a more nuanced conversation; we are able to go to the next layer of detail in the conversation. The value of having leaders of color is that equity is just the way of doing business. Equity is built into the way they think about their team and work; DEI is just a part of the culture.” (This quote pertains to having a Black board chair and CEO.)
 - “We don’t need white allies. We need white co-conspirators. Get such people as coaches to get board chairs of these foundations together to discuss such change.”
 - “There is an effort to diversity the board; staff has introduced board members to people outside of their personal spheres so that they will nominate from different socio-economic and racial circles.”

INVOLVING THE PEOPLE WE SERVE

- A couple of funders mentioned that involving people who are being served through grants in funding decisions is an equity strategy. It is notable that both these funders are intermediaries.
 - One funder has placed neighborhood residents on the board.
 - “We have a pipeline we are building for board members with the neighborhood champions. Champions are leaders who are building trust in the community. They aren’t always visible leaders already. We talk with them about what structure they would need to continue their work

if we weren't around, which builds an annual agreement on what work they are doing. It grew organically and now we are trying to institutionalize it.”

- One has convened a group of young women living in a priority funding area. That group has become a funding committee; they chose a funding topic, solicited applications, and selected grantees.

INTERMEDIARIES

- Some traditional funders mentioned the importance of funding through intermediaries.
 - “Our trustees have been continually supportive of funding intermediaries with the rationale that they enable us to reach more organizations that are led by people of color.”
- Some intermediaries note their unique role in the funding sector and how that aligns with racial equity.
 - “We need to make a shift in how much information foundations require to make a gift. Burdensome information gathering is a huge barrier for smaller organizations. Intermediaries can play that (vetting) role though, being a pass through.”
 - “The intermediary model doesn’t hold to the arbitrary percentages of funding and spending. That isn’t responsive to the reality of Black- and Brown-led organizations, because they are dealing with institutional racism. They have been underfunded for decades. They are always operating with under capitalization. It is more difficult to get capital because they have to fund operations first and that is difficult. They are funding into a hole. So intermediaries respond by funding bigger because they recognize they are funding into a hole and that the grantees are often under budgeting. Capacity-building kicks in here also, if they want it, we will set them up with a consultant to help them make better budget asks.”
 - “Our grantees need further allocation of resources to fill the gap instead of restricted foundation funding. Intermediaries are in a better position to react and work within the community than alternatives that work in (community) space.”

RESULTS & REACTIONS

- Most participating funders saw their numbers increase in all categories of collected grantmaking data. This seems to be a reaction to disappointment in the last audit results, subsequent intentionality, and in conversations and goals set by the Taskforce.

Black-led funders continue to report that priority on racial equity is organic - “built in” - while non-Black funders describe a relatively new priority on racial equity with specific action steps (see recommendations section below for action steps).

- “Before (the last audit) we were having the conversations (about equity) after funding decisions were made, and now we are having them during the grant process.”
- “We are talking about trust-based philanthropy and changes that overlap with inclusivity mechanisms, such as multi-year operating grants with few conditions.”
- “We are trying to approach that piece (a fund focused on a majority Black area of town) of grantmaking as more relational; trying to reduce the burden of the traditional foundation relationship.”
- “We keep reducing the application and reporting burden, as much as we can. We have moved from two written reports a year and now we do a mid-year check-in instead of the mid-year written report. We have trimmed the culminating report to get to the essence of what we need to know from the grantee.”
- “We have added some operating funding since the last audit, specifically to organizations led by persons of color. The operating funds can be the catalyst for organizations to grow into the position where they can get larger grants.”
- “We responded to the Taskforce’s goal to increase unrestricted funding.”
- “Whether it is working with CBOs (community-based organizations) or philanthropy, there was an intentional shift in shifting the work to racial justice, power-building, and community engagement.”
- “Our capacity building work has gotten more robust in this audit cycle. We understand that money doesn’t solve all the problems and we recognize that we need more support to the organizations as they develop. So we have increased investment in capacity building - skill-building, knowledge-building - in four areas: data readiness, sustainability, program quality, and organizational effectiveness. We lean more into resilience so the leader has the chance to make choices about growth. It gives them options and takes the pressure off of continued growth.”

ACTION STEPS

ACTION STEPS RECOMMENDED/PLANNED LOCALLY

Participating funders discussed various steps to improve equitable grantmaking in their individual organizations and in the local philanthropic field as a whole.

ACTIONS FOR THE MID-SOUTH PHILANTHROPY NETWORK AS A GROUP

- Several participating foundations expressed concern over the relatively low number of participating organizations (when compared to the overall number of grantmakers in the Mid-South). There were several recommendations related to that concern:
 - Hold small group meetings with people who participated and people who did not; discuss the audit process, helping people understand that the process is beneficial and not punitive.
 - Host peer learning conversations to discuss how other foundations are tackling this work.
 - Host sessions for board chairs where equity-focused white board members can lead conversations that increase understanding of this work by their peers.
- Several participating foundations mentioned the need for a consistent definition of an organization led by a person of color. For this audit, two defined that as the executive director/CEO being a person of color and the board being composed by a majority of people who are of color.
- A desire was expressed for ongoing training and engagement facilitated by Momentum Nonprofit Partners to further this work.
- One participating foundation noted that they further equitable giving by prioritizing unrestricted funding and asked that the next audit survey gather data on how much unrestricted funding is awarded.
- One participant noted that they award technical assistance to organizations led by people of color and asked that the next audit survey gather that information.

APPLICATION & COMPLIANCE PROCESSES

During the interviews participants shared how they are furthering this work by changes to their applications and compliance processes, resulting in the following recommendations:

- Place a question on your grant application about whether they prioritize communities of color and how they benchmark that prioritization.
- Open your grantmaking committees to community members - people you don't already know.
- Standardize how you conduct site visits, including ensuring that the same questions are asked at each site visit.
- When you are discussing potential grantees, ask who is leading, how they are engaging with the community, if they are representative of the community (are there people on staff from that community). Make the answers a critical part of your grantmaking thought and decision process.
- Normalize uncomfortable conversations with grantees about their demographics (board, staff, and the people they serve) and how they can be representative of community demographics.
- When scoring applications, give additional "merit points" for evidence of racially equitable practices and representative staff/governance.
- Cut back on your reporting/compliance burden, ensuring you are gathering the information that is absolutely necessary to ensure stewardship and no more; utilize conversations, rather than written reports, for a certain level of compliance.

BOARD & STAFF

During the interviews participants shared how they are furthering this work through board and staff actions, resulting in the following recommendations:

- Use this report as a platform for DEI training for your board and staff.
- Create an intentional shift in your board-level work. Gain board champions who are conversant in the tenants of diversity, equity, and inclusion and who can speak peer-to-peer about this work.
- Normalize uncomfortable conversations with board members and staff about equity, leading people to expect and lean into these conversations.

- Reevaluate your mission and vision with equity as the foundation, asking how your work has made meaningful change and evaluating the extent of which your grantees are focused on transformation.
- Continue to diversify your board until you have a majority of African-American members.
- Add community members to your board who are proximate to the problems you and your grantees are trying to solve and invest in them (when necessary) to ensure they have what they need to be productive board members.

FUNDING, SPENDING & COMMUNICATIONS

During the interviews participants shared how they are furthering this work by changes to their funding and spending processes and through their communications about those decisions, resulting in the following recommendations:

- When presenting grants for approval, present the demographics of the grantees' leaders, staff, and boards to open the conversation about equitable funding.
- Prioritize equitable giving by awarding more multi-year, unrestricted/operating funds - acknowledging that organizations need time to create change.
- Prioritize equitable giving by adopting a trust-based philanthropy approach to your grantmaking.
- Conduct a self audit on your vendor spending and prioritize using vendors of color.
- Normalize conversations about equitable grantmaking by creating public messaging about your equity focus and announcing the demographics of your grantees.
- Make equitable giving a foundational element of your strategic plan and develop strategies around it.
- Insist on authentic community participation in large-scale funding initiatives. If the initiatives aren't doing that, disengage/unfund.
- Educate around the importance of and expect grantees to partner with the communities they are serving, asking the community members to come up with solutions.
- Conduct grantee perception surveys and other forms of grantee feedback, analyze the data to help your foundation learn how your communications and processes affect grantee organizations, and how you can improve to be more responsive to the needs of the organizations doing the work on the ground.

CONSULTANT RECOMMENDATIONS

“White foundations have funded white organizations without evidence it would work. The requirement to ask black-led organizations to show evidence is problematic. Particularly when they are doing the work in Black neighborhoods. There is a distrust that Black people know what works for other Black people.”

This audit is notable for the high-quality recommendations that came from audit participants themselves. We echo those recommendations and underline the importance of the following:

- Set the expectation that grantees partner with and hire from the community they are serving, asking the community to come up with and be implementers of the solutions.
- Prioritize unrestricted funding to Black and Brown led organizations.
- Learn about trust-based philanthropy and lean into the practices of this work⁷.
 - **Give multi-year, unrestricted funding:** The work of nonprofits is long-term and unpredictable. Multi-year, unrestricted funding gives grantees the flexibility to assess and determine where grant dollars are most needed, and allows for innovation, emergent action, and sustainability.
 - **Do the homework:** Oftentimes, nonprofits have to jump through countless hoops just to be invited to submit a proposal. Trust-based philanthropy moves the onus to grantmakers, making it the funder’s responsibility to get to know prospective grantees, saving nonprofits’ time in the early stages of the vetting process.
 - **Simplify and streamline paperwork:** Nonprofits spend an inordinate amount of time on funder-driven applications and reports, which can distract them from their mission-critical work. Streamlined approaches focused on dialogue and learning can pave the way for deeper relationships and mutual accountability.
 - **Be transparent and responsive:** Open, honest, and transparent communication supports relationships rooted in trust and mutual accountability. When funders model vulnerability and power-consciousness, it signals to grantees that they can show up more fully.
 - **Solicit and act on feedback:** Philanthropy doesn’t have all the answers. Grantees and communities provide valuable perspectives that can inform a funder’s strategy and approach, inherently making our work more successful in the long run.

⁷ Bulleted list is from <https://www.trustbasedphilanthropy.org/practices>

- [Offer support beyond the check](#): Responsive, adaptive, non-monetary support bolsters leadership, capacity, and organizational health. This is especially critical for organizations that have historically gone without the same access to networks or level of support than their more established peers.
- Track, review, and report your grantee demographics to the staff and board and use it as a platform for discussion.
- Mirror your board and staff composition with our population demographics (majority Black and at least 7% Latinx) to the greatest extent possible. Set goals and timelines for diversifying representation on your board and other decision-making bodies.
- Open up your grantmaking committee nominations process so demographics mirror our population statistics and people join who are not known to staff and board already. For family foundations, identify opportunities for community members to be a part of grant decision processes.
- Develop consistency in your grantmaking processes to eliminate biases toward known organizations and/or organizations where decision-makers have personal connections.
- Work for changes around racial equity and racial justice to be sustained, building it into the normal course of operations to protect against it being a moment in time movement.
- Solidify and expand the Network's focus on racial equity by encouraging group learning and information sharing, peer support and influence, and shared goals and metrics.

NATIONAL CONTEXT & RECOMMENDATIONS

National Context

Recent years have seen significant developments in the field of diversity, equity, and inclusion (DEI) in philanthropy. As we released the inaugural 2020 Racial Equity report, we were seeing the beginnings of these efforts and provided initial insight into how philanthropy was responding to crucial challenges in a shifting world. The COVID-19 pandemic and associated economic downturn exacerbated existing disparities and created new challenges for marginalized communities. At the same time, increased attention has been paid to issues of racial equity and justice, particularly in the wake of high-profile incidents of police violence and systemic racism.

In this context, philanthropy has played a critical role in supporting efforts to advance DEI and address the needs of marginalized communities. Many foundations have made commitments to

increase diversity and inclusion within their own organizations and in their grantmaking practices. Some have established dedicated funds or programs aimed at advancing racial equity and justice, while others have incorporated DEI considerations into their overall strategic planning. We can see these changes reflected in the local view of this report, just as in the broader national context.

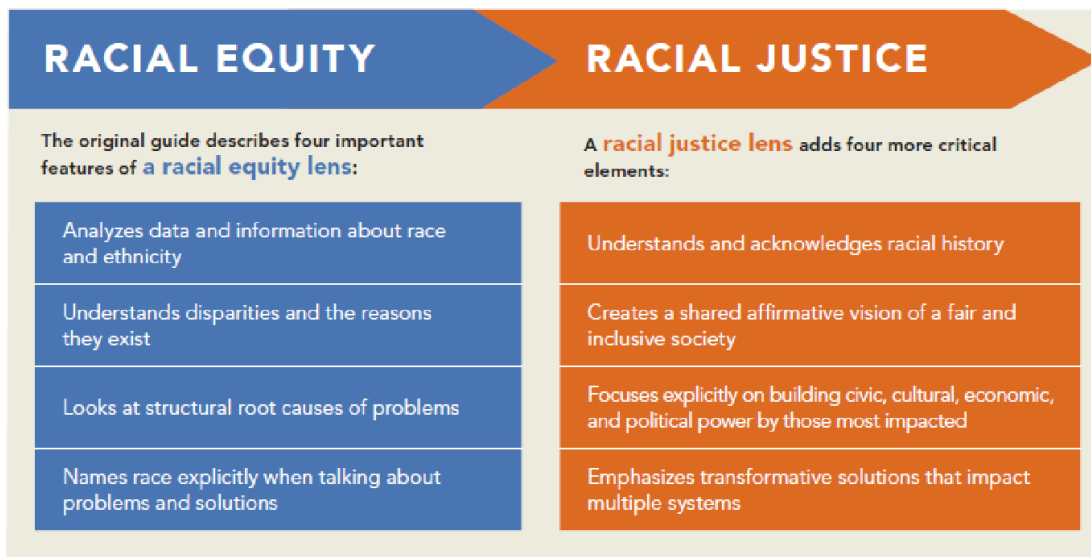
Despite these efforts, there is still much work to be done. Research continues to show that philanthropic dollars disproportionately benefit white-led organizations and initiatives, while organizations led by people of color often face significant barriers to accessing funding. Moreover, many foundations continue to grapple with internal biases and lack of diverse representation within their leadership and staff.

With monitoring, comes opportunities to see how investments can progress and grow. In 2021, Candid and the Center for Disaster Philanthropy (CDP) published a report ([Philanthropy and COVID-19: Measuring One Year of Giving](#)) that analyzed the philanthropic response to the COVID-19 pandemic in terms of its geographic distribution, issue focus, population served, and type of support. While the report showed that in the first half of 2020 COVID-19 affected people of color disproportionately, yet only 5% of the total funding was explicitly designated for BIPOC communities. In a second report that looked at the rest of 2020, the data showed an increase for specified funding (including global) to 23% being designated for communities of color. The report notes that the racial justice movement helped to impact these numbers for the second half of 2020, as US funding for COVID-19 being designated for BIPOC communities jumped to 35%. A significant portion of this increase in funding to communities of color came from the influx of investments from MacKenzie Scott. The report also has a local touch for Memphis, as it includes the impact of grants designated for BIPOC communities such as the \$40 million endowment donor-advised donation from the Community Foundation of Greater Memphis to LeMoyne-Owen College. Even with those increased shifts in investments, the report continues to note the need for continual support and funding to address the systemic and structural inequity and discrimination.

Ending 2020 and moving into subsequent years, a growing number of foundations seemed to embrace a more explicit focus on racial equity and justice in their work. That included adopting racial equity frameworks and impact assessments, increasing investments in organizations led by people of color, and advocating for policies and practices that promote equity and inclusion. Yet, [Mismatched: Philanthropy's Response to the Call for Racial Justice](#), a report from the Philanthropic Initiative for Racial Equity, documents that less than two-thirds of the \$11.9 billion pledged by foundations and corporations for racial justice made it to nonprofits. This report provides an update with a similar focus to their previous report noted in the 2020 Memphis Funders' Racial Equity Audit report, [Grantmaking with a Racial Justice Lens](#). This updated review of racial equity and racial justice takes into account the decade leading up to 2020 and the crucible of funding in 2020 impacted by COVID-19 and the national racial reckoning. The

Mismatched report lays out several “mismatches” as trends, divergences, and contradictions in funding for racial equity and racial justice:

- Funding for racial equity and justice remains a small portion of overall foundation funding — not commensurate with the scale of racial disparities or the demands of racial justice movements.
- The rise in funding for racial equity was portrayed as an overnight occurrence, but in fact there has been a slow but steady growth in the scale of funding and the number of funders engaged in racial equity.
- Co-optation of movement language is widespread and used to advance projects that are often not responsive to movement’s call.
- Wealthy, white donors impose their own priorities, rather than supporting the priorities of movements.
- Funding for racial justice, grassroots organizing, and movement-oriented work remains low.



National Recommendations

Appropriately, the aforementioned *Mismatched* report provides recommendations for racial equity and racial justice funding and data:

- **Devote more resources to racial equity and racial justice:** Foundations and corporations should increase funding for racial equity and racial justice work that is led by those communities most impacted and still receiving far less than they need.
- **Sustain funding for racial equity and racial justice:** Grantmakers should ensure that their racial equity and justice funding is set up for sustainable impact, both within their

institutions and for movements, by establishing long-term horizons and giving multi-year general operating support for racial justice groups.

- **Engage communities of color and movements in strategy and funding decisions:** Funders should develop systems and mechanisms to maximize the participation, input, and leadership of communities of color and movements in the design and fulfillment of their strategic thinking and grantmaking priorities.
- **Fund transformational change beyond an equity framework:** Funders should assess their grantmaking using the rubrics for racial equity and racial justice. If your portfolio is exclusively or primarily focused on racial equity, then develop a complementary racial justice strategy to support organizations building the power of communities of color and working for long-term systemic change.
- **Improve data about racial equity and racial justice grantmaking:** Report on grants in a timely and transparent manner, providing grants-level detail that uses clear and explicit definitions of racial equity and racial justice. Philanthropy-serving organizations and research organizations should support this work by adopting and disseminating clear definitions of racial equity grants and racial justice grants. Engage grantees in determining the data collection that will be the most useful.

As pointed out in the previous *Grantmaking* report, the *Mismatched* report continues to draw the distinction between racial equity and racial justice, where racial justice seeks to transform systems to address the systemic and structural issues that perpetuate inequality. With this distinction and the recognition that addressing these systemic and structural issues is needed for long-term change, some foundations have begun to engage in advocacy and policy change efforts aimed at addressing the root causes of social and economic disparities.

In a more recent May 2023 article in *The Chronicle of Philanthropy*, [*3 Years After George Floyd, Foundations Say They've Changed. Many Racial-Justice Nonprofits Disagree*](#), several Black leaders of nonprofits noted that increased funding they saw in 2020 was not sustained in 2021-2023. Much of the impact from these donations depended on how they were used by the organizations, some were able to leverage the donations for future success while others ramped up in staffing and programs only to have to consider reductions as funding interest has subsided. Similarly, the authors note there is a spectrum for funders as to whether they will have a sustained commitment to racial equity and justice funding. Both nonprofit leaders and foundation executives noted that three years of funding would not make up a gap of systemic inequities created over hundreds of years.

As these reports indicate, philanthropy has made some progress in advancing racial equity and justice in the past few years, but there is still much work to be done. Funders need to continue to examine their own policies, practices, cultures, and power dynamics that may perpetuate or exacerbate racial inequities within their organizations and in their grantmaking. Funders also need to listen to and learn from the communities they seek to serve, especially those that have

been historically underrepresented and underserved by philanthropy. Funders need to invest more strategically and sustainably in organizations and movements that are led by and for people of color, especially Black, Indigenous, and other marginalized groups. Funders need to collaborate more effectively with each other and with other sectors to leverage their collective resources and influence for greater impact. And funders need to measure and communicate their progress and challenges in advancing racial equity, both internally and externally.

It is clear that the conversation about philanthropic commitment (with action) to DEI, racial equity, and racial justice will remain a pressing issue for philanthropy in the years to come. As the sector continues to evolve and grow, the commitment from foundations to prioritize DEI in all aspects of their work – from grantmaking to operations to advocacy – will bear monitoring.

Critical Initiatives, Studies, and Reports

- [Racial Equity in Philanthropy](#), The Bridgespan Group - multiyear initiative seeks to support the goal to achieve lasting social change that will require more funding for the critical work of racial equity and efforts that address structural racism, particularly for leaders of color at the forefront of transformative social change
- [Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table](#) - Echoing Green and The Bridgespan Group - Revealed stark funding inequities for leaders of color. Even among highly qualified applicants, Black-led groups received less revenue and unrestricted support.
- [Race to Lead: Women of Color in the Nonprofit Sector](#) - Ofronama Biu, Building Movement Project
- [The Problem with “Color-Blind” Philanthropy](#) - Cheryl Dorsey, Jeff Bradach, and Peter Kim
- [Transformative Power: Supporting Civic Engagement](#) – articles exploring the opportunities and need to support civic engagement from multiple nonprofit leaders
- [A New Playbook for Racial Equity—Inside and Out](#) – Alandra Washington
- [Will Philanthropy Stay Focused on Racial Equity?](#) – Teri Behrens
- [Racial Equity Resources for Philanthropy - The Philanthropic Initiative](#) – resource that provides tools, guides, and other valuable resources to help funders support and accelerate efforts to create a more just and equitable society

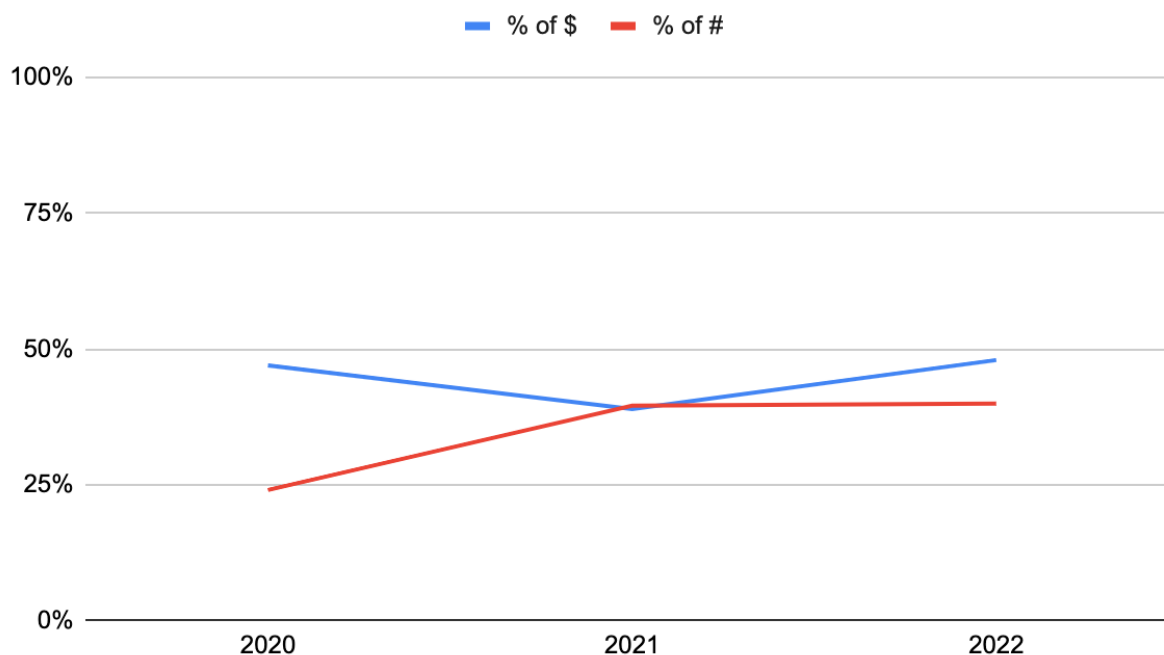
ADDENDUM

DATA VISUALIZATION

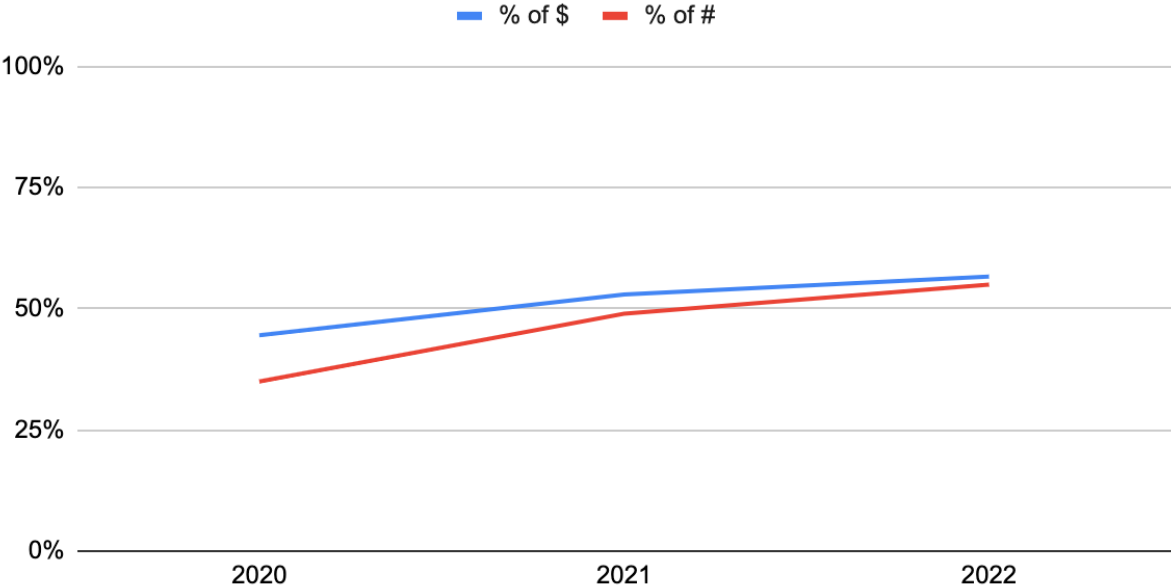
Three types of data visualizations follow – line charts, scattered dots charts, and bar charts – with accompanying additional observations. The previous audit’s charts are included for comparison.

- The line charts provide visualization of overall data – percentages of funding calculated from adding all funder numbers together.
- The scattered dot charts show data per funder - percentage of each indicator collected by year, with each dot representing an anonymous local funder.

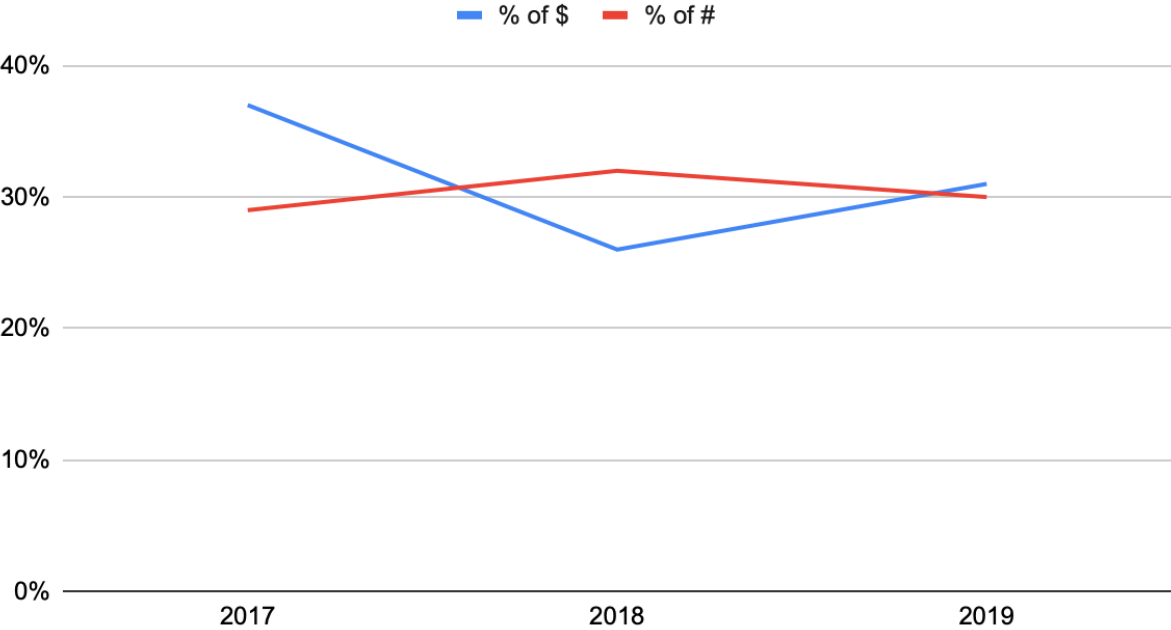
Percent of Grants to Organizations Led by Person of Color



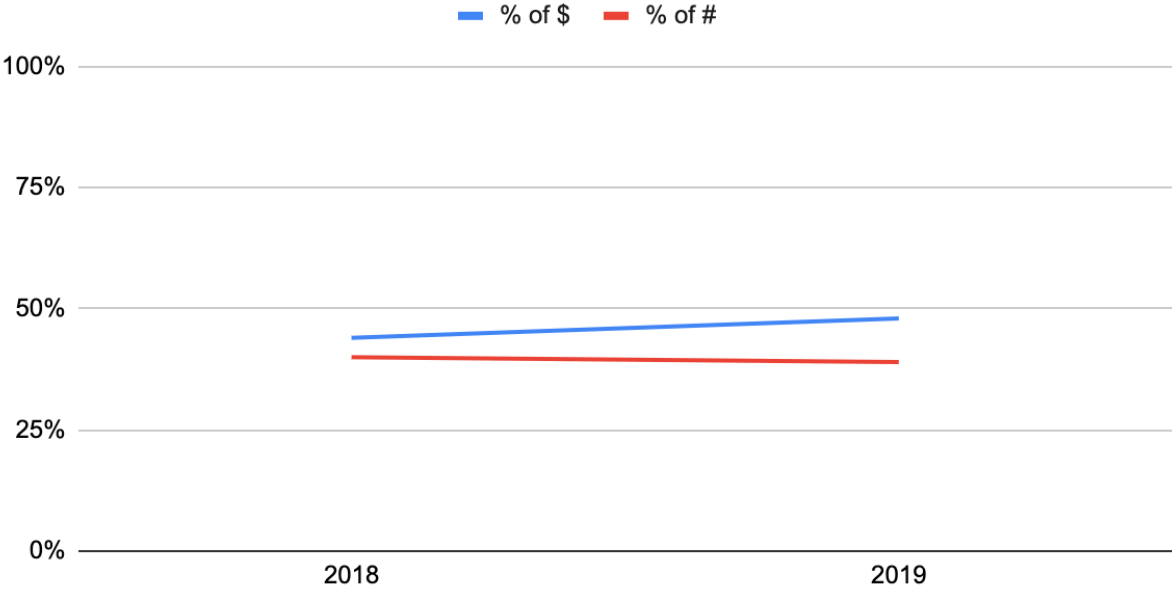
Percent of Grants to Organizations Prioritizing Communities of Color



Percent of Grants to Organizations Led by Person of Color

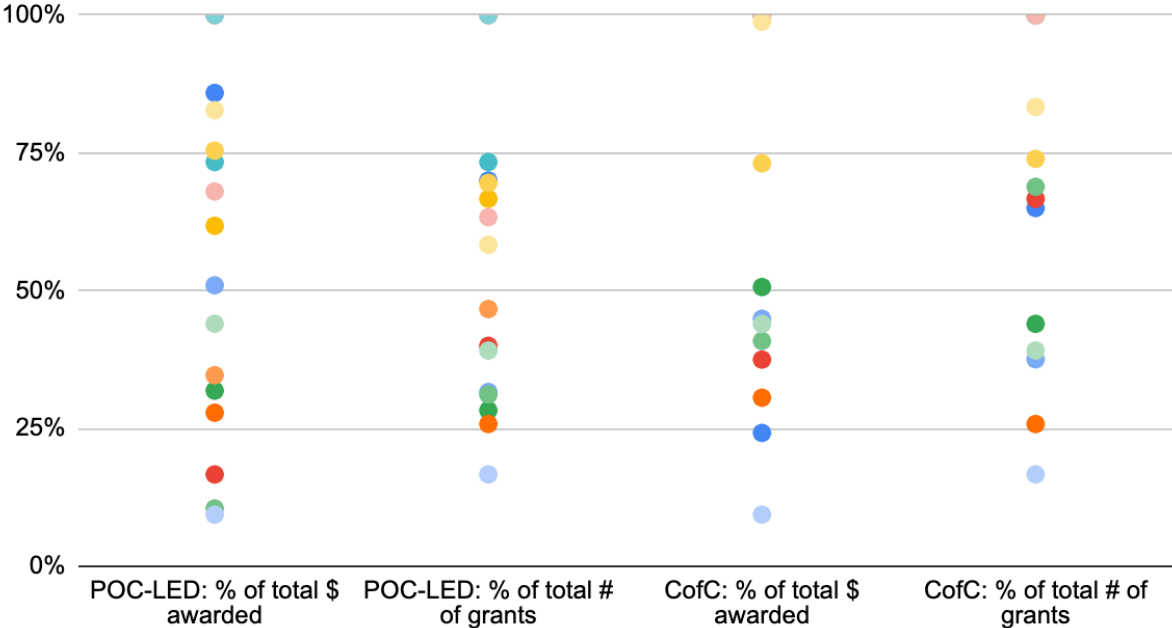


Percentage of Grants to Organizations Prioritizing Communities of Color

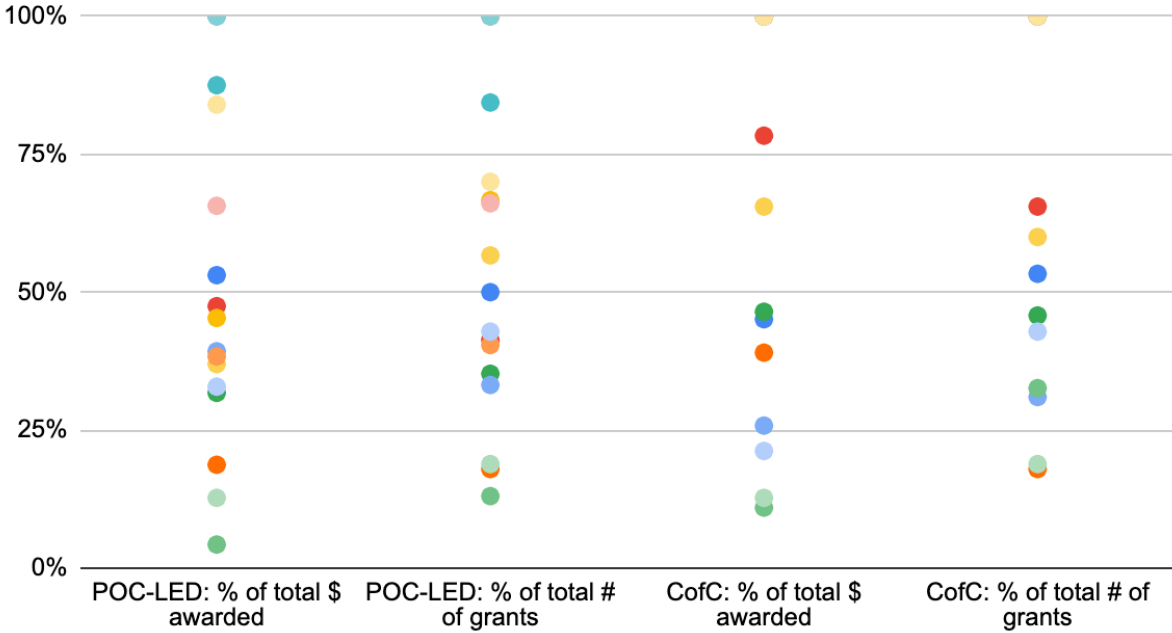


NOTE: Data was missing for 2017 for one funder.

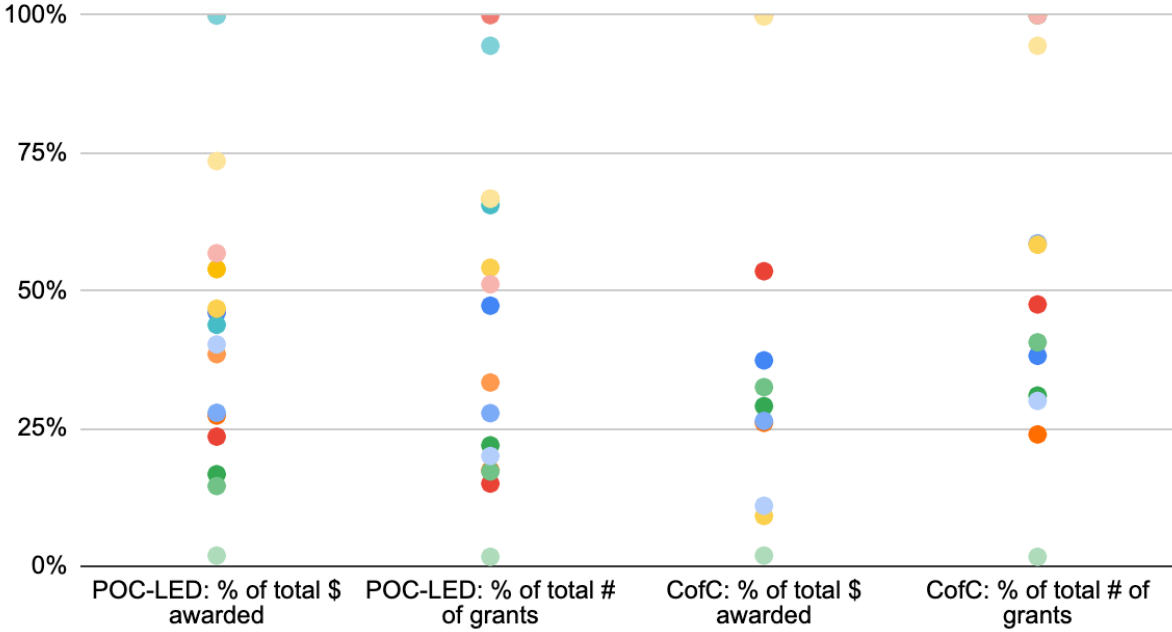
2022 Grants Awarded



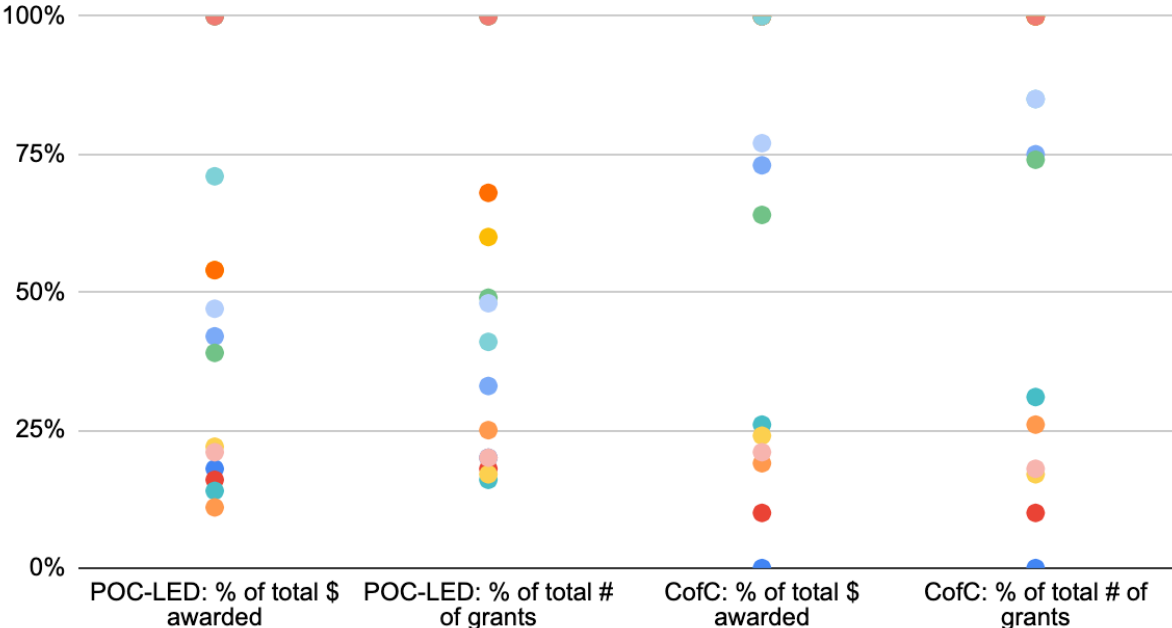
2021 Grants Awarded



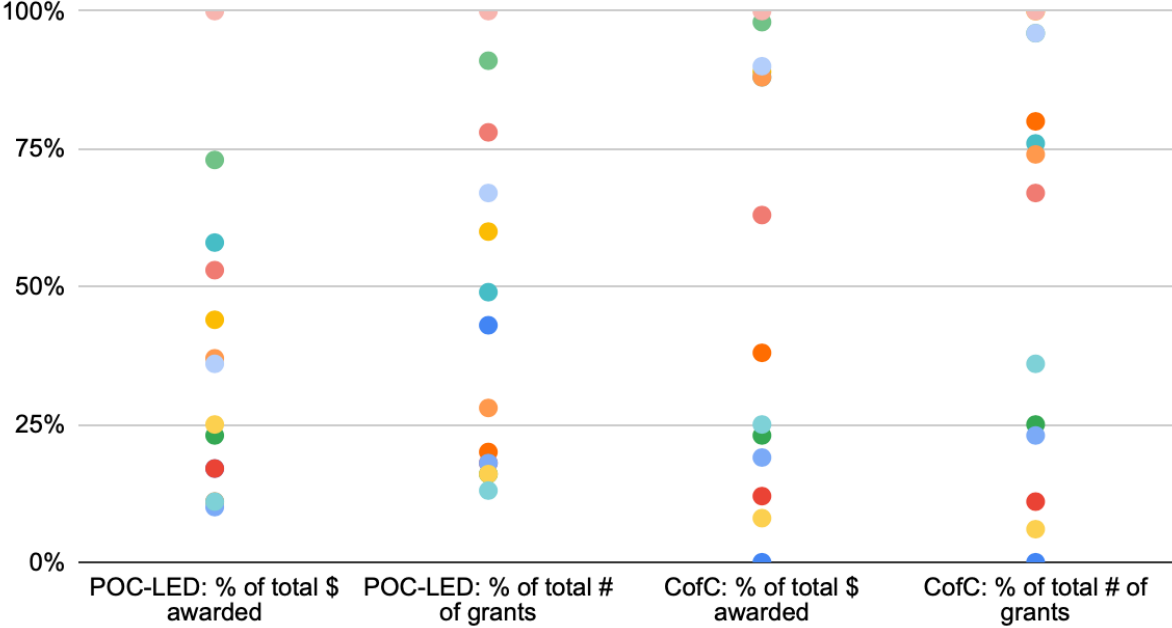
2020 Grants Awarded



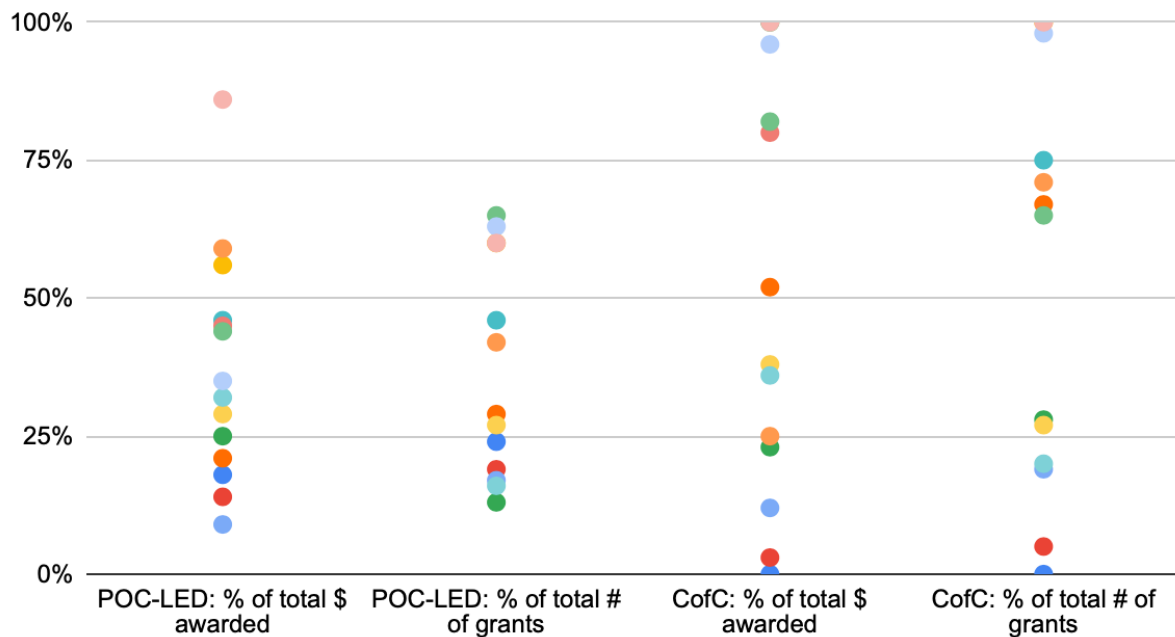
2019 Grants Awarded



2018 Grants Awarded



2017 Grants Awarded



FUNDER INTERVIEW QUESTIONS

Each funder was asked the following questions during the interviews:

- When you were parsing the data for the survey, what were your reflections on the foundation's progress to date?
- If you completed the audit in 2018, what were your reflections on the comparison with this year's?
- Internally, how much does racial equity come up? What's the quality of the conversations?
- What are the conversations at the board level?
- Has the foundation taken on any DEI work with staff and/or board? Or grantees?
- What efforts has your foundation made recently to increase equity?
- Regarding the report we will create, is there anything else you want to tell us to add to the qualitative information?
- How might you use the report to create further conversation with your foundation?