Community Foundations Navigate Winds of Change

Finding Calm in Tornado Alley at FAOG 2025

by Ahmed Farruk, Partner, Regional Director and Senior Consultant

November 2025

While tornado warnings hit the northwest part of the state, the 2025 FAOG Conference from September 7-10 in Oklahoma City convened leaders and experts from across the community foundation sector to address the challenges and opportunities facing community foundations today. Foundation leaders navigated winds of change within the legislative environment, endowment fund management, risk management, technology, performance culture, and the evolving legal landscape for diversity, equity, and inclusion (DEI). As fiduciary advisors committed to the community foundation space, Fiducient Advisors is pleased to offer a few takeaways from the conference.

Crosswind: Your Government at Work

Bob Waldman from Venable provided a timely overview of recent legislative and legal developments. While several proposed changes such as blanket revocation of tax-exempt status and prohibitions on international grantmaking did not materialize, the sector saw the passage of the "One Big Beautiful Bill Act" (OBBBA). This legislation introduced new rules for charitable deductions, including a cap for high-income taxpayers and a permanent 60% AGI deduction for cash contributions to public charities. Corporate giving was also affected, with a new 1% taxable income floor for deductions.

- The OBBBA extended estate and gift tax exemptions and increased excise taxes on college endowments, while expanding the group of nonprofit employees subject to compensation taxes
- Foundations are encouraged to audit their document retention policies, inventory grants to targeted institutions and monitor their public communications for sensitive issues

Crosswind: Weathering Financial Market Storms

A panel of investment consultants and foundation finance team leaders discussed investment staffing models, including OCIO services, traditional advisory and in-house approaches. The discussion focused on the trade-offs between models, selection criteria for service providers and the importance of aligning the asset management model with organizational goals, resources and governance capacity. Real-world examples illustrate how foundations are evolving their models to balance efficiency, control and mission alignment.

- Community foundations are increasingly shifting from traditional advisory models to OCIO fiduciary services, seeking professional management, operational efficiency and scalability

- Choosing the right model requires careful consideration of cost, resource intensity, governance structure and the ability to adapt as organizational needs change
- Successful nonprofit investment strategies require clear objectives, strong partnerships and ongoing evaluation of performance, risk and mission alignment

Crosswind: Finding Enough Space For All

Nikki Lewis Simon of Greenberg Taurig was joined by general counsels of community foundations to discuss the shifting landscape of DEI and ESG for community foundations. Recent executive orders and agency guidance have restructured or rescinded federal DEI programs, creating new compliance requirements and risks for grantmaking. Litigation in cases such as SFFA v. Harvard/UNC and AAER v. Fearless Fund highlighted the legal complexities of race-based programs and contracts.

- Foundations must design grantmaking frameworks that align with First Amendment protections and avoid discriminatory practices
- Risk mitigation strategies include auditing federal grants, reviewing termination clauses, updating policies and conducting stakeholder outreach

Crosswind: Dealing With “Unusual” Gifts

Panelists explored the complexities of accepting non-cash gifts. Noncash assets represent a significant portion of wealth in the U.S. and accepting them can deepen donor relationships and expand the foundation’s impact. However, these gifts require careful governance, due diligence and risk management.

- A well-crafted gift acceptance policy ensures that gifts align with the organization’s mission and provides transparency for donors
- The process involves evaluating the proposed gift, reviewing governing documents, assessing financials and considering liquidation options

Crosswind: Maintaining Impact

Panelists from foundations around the country shared how their organizations are advancing impact investing by developing dedicated pools and committees, focusing on local needs such as affordable housing, economic inclusion and racial equity. Panelists provided practical insights into the lifecycle of an impact investment deal, from sourcing and due diligence to execution and reporting, emphasizing the importance of strong partnerships, disciplined processes and adaptability. Real-world case studies illustrated how targeted investments can potentially revitalize communities and address systemic challenges, while lessons learned underscored the need for ongoing refinement and strategic growth.

- Foundations are creating specialized teams and committees to manage impact investing, with clear focus areas and measurable outcomes

- Successful deals require robust due diligence, strategic partnerships with local and national intermediaries and transparent reporting
- Lessons learned include the importance of adjusting risk tolerance, expanding donor engagement and continually refining investment strategies for greater community impact

Crosswind: Making Friends with Robots

Jean Westrick (Technology Association of Grantmakers) explored how AI and automation are transforming productivity and governance in philanthropy. It emphasized the importance of responsible adoption, strategic alignment and building a strong data culture. We believe this session provided practical steps for organizations to prepare for AI, highlighted real-world use cases and addressed common barriers such as data privacy and skill gaps.

- AI is being used in philanthropy for operational efficiency, mission attainment and nonprofit enablement, but most organizations are still in early stages of adoption
- Responsible AI implementation requires clear policies, cross-functional ownership and investment in staff training and change management
- Organizations should start with real business problems, set guardrails for ethical use and commit to building robust data governance and culture

While this is just a sampling of valuable content, consider it a small window in the ways community foundation leaders are working together. By fostering collaboration, embracing innovation and prioritizing resilience, we believe foundation leaders are better equipped to serve their communities and drive meaningful impact. If you missed it this year, we hope to see you in Salt Lake City in 2026!

About the Author

Ahmed Farruk, CIMA®
Partner,
Regional Director

Ahmed oversees the firm's Washington, DC consulting efforts and services institutional clients by providing advice and counsel on all areas of fund oversight including policy, asset allocation, manager research, portfolio structure, portfolio rebalancing, performance monitoring and overall investment policy. Ahmed co-leads our Associations Business Council and is a member of the firm’s Investment Committee and also sits on the firm's DEIB Steering Council.

Prior to joining the firm, he was Deputy Managing Director at ORION Investment Advisors, which was acquired by Fiducient Advisors in 2017. He received a Bachelor of Arts in Economics from the University of Virginia and obtained the title Certified Investment Management Analyst (CIMA®) from the Investments & Wealth Institute’s (formerly IMCA) accreditation program at the Wharton School of Business. A member of the Investments & Wealth Institute, he also served on the editorial board of the Institute’s bimonthly educational magazine, Investments & Wealth Monitor. Ahmed is the past Chair of the ASAE Finance and Business Operations Section Council and is a co-author of Association Investment Policies, Practices and Performance, published by the ASAE Research Foundation. Ahmed previously served on the Investment and Pension Subcommittee of United Way Worldwide. When Ahmed is not enjoying time with his family, he is nervously following his Virginia Cavaliers athletic teams.