

Understanding Community Foundations

The community foundation field is one of the fastest growing philanthropic sectors in the United States today. Community foundations build and strengthen communities in a multitude of ways, including providing the means for a wide range of donors to create permanent funds to meet critical needs. Though the first community foundation was launched just 100 years ago in Cleveland, Ohio, today there are more than 750 community foundations in the United States.

The concept has spread throughout the world, with community foundations now in countries including Australia, Canada, Germany, Italy, Japan, Mexico, New Zealand, Poland, Russia, Slovakia, South Africa and the United Kingdom – in fact, every continent but Antarctica has at least one community foundation. It has been estimated that there are at least 1,000 community foundations outside the United States and Canada.

Community foundations in the United States are located in almost every region and state in the country. Community foundations grant funds to a wide variety of causes—urban affairs, the arts, education, environmental projects, health and disaster relief. Community foundations offer donors many services and benefits. They routinely work with families, individuals, attorneys and estate and financial planners to design gift plans that fit every economic situation, ensuring that donors receive the most benefit from their charitable contributions and that their philanthropic dollars are used to the fullest extent.

Community foundations accept gifts of various sizes and types from private citizens, local corporations, other foundations and government agencies. Nearly every type of gift—real estate, closely held stock, artwork and insurance—can be contributed to a community foundation. Gifts are made from bequests and by living donors through various types of funds and deferred giving vehicles. According to the Foundation Center, in 2012 community foundations received an estimated \$7.5 billion in gifts, gave \$5 billion in grants, and held total assets of \$65 billion. The Foundation Center also reports that even though community foundations represent just 1% of the more than 82,000 foundations in the United States, their gifts represented 9% of total giving.

Community foundations range greatly in asset size, but all funds are invested in diverse portfolios and management is a major aspect of community foundations' work. All share the common goal of serving donors, nonprofit organizations, and the community as a whole. In addition to this, one of a community foundation's special functions is to provide effective leadership and coordinate the needs and services in its communities, so that charitable gifts are used effectively to fulfill a community's most critical needs.