

CANADA

Community foundations

History

Canada's first community foundation, the Winnipeg Foundation, was founded in 1921. Following a period of slow growth through the following decades, the pace picked up in the 1980s-90s and continues today. All major Canadian cities have community foundations – the new growth is primarily rural or regional in nature, encompassing an area of multiple communities. Community Foundations of Canada (CFC) is instrumental in coaching new community foundations, promoting the concept, and building visibility, but it does not proactively begin community foundations. Today community foundations begin for different reasons than in the past. In earlier days professionals such as bankers and lawyers played a leading role in community foundation formation as a way to serve their clients. Today, while these are still important players, the impetus for start-up often comes from the grassroots: a community in distress, a community that has some new money, for example assets from the sale of public utilities, or community leaders who have observed community foundation success in neighboring communities and want to replicate that success for their community. In the early stages the emphasis tends to be on community building rather than on endowment building.

Current situation

Recent community foundation development in Canada has emphasized regional approaches. Neighboring communities are establishing community funds within an established community foundation. In British Columbia there are efforts to support and encourage regional approaches so that a group of smaller communities can come together to form one community foundation and share operating and overhead expenses.

The growth of the last few years has been wonderful, but will slow down, partly because of the new emphasis on partnering with existing community foundations. The goal is to ensure that all Canadians are served by a community foundation, recognizing that this means that not all Canadian communities will have their own community foundation.

Canada's community foundations are deeply involved in international exchanges, some formally through the Transatlantic Community Foundation Network (TCFN) and some less formally.

CFC and its members have developed a range of resources to assist in grantmaking, fund development, and community leadership. Most interesting developments recently are: the participation of community foundations in *Vital Signs* - an annual community check-up conducted by community foundations across Canada that measures the vitality of our cities; continued focus on social justice granting which involves resource materials for all community foundations, particularly with regard to poverty reduction; a strong focus on environmental philanthropy; and an increased awareness of the leadership role community foundations play. Of special interest this year is a movement-wide exercise in branding. CFC and its members are developing new ways to raise the profile of community philanthropy and its role in building strong communities.

In 2006 combined assets of Canadian community foundations reached CDN \$2.7 billion

Current situation: Facts and figures

Number of community foundations formally established in total.	163 (as of March, 2008)
Number of community foundations established in 2007.	10
The number of community foundations at early stages of development.	15 community foundations are younger than 3 years
Percentage of country's territory covered by community foundations.	85%
Percentage of population that has access to a community foundation.	91% (based on 2007 population totals)
Total number of people with access to a community foundation.	Approximately: 31,300,000
Is the rate of community foundation formation steady/increasing/decreasing? Explain why in the box below:	Decreasing

A large percentage of Canadians are served by existing community foundations. Canada will see some growth in community funds, established within existing community foundations, as well as through new regional approaches. One exception may be the province of Quebec where the number of foundations is still small. The growth there will likely be of a regional nature.

Total sum of grants made by community foundations in 2007	2006: CAD \$135,062,408
Total number of grants made.	Not available
Total sum of the income/donations in 2007.	Gifts in 2006: CAD\$274,252,608
Single largest source of income for community foundations	In 2006 there were 17,694 donors (No breakdown by type)
Total sum of endowments at the end of 2007.	Assets in 2006: CDN \$2,778,711,729
Community foundation with the largest endowment at the end of 2007 and size of its endowment.	Vancouver Foundation: CAD \$784,507,000

Note: The Canadian dollar is currently at par with the US dollar. No conversions are given.

Complete list of community foundations

A complete list is at http://www.cfc-fcc.ca/who_we_are/finder.cfm

Community foundation staffing

There is a mix of staff and volunteers in the movement. The number of paid staff members is growing as the assets and resources of the community foundations grow. The first paid staff to be recruited is usually an Executive Director and/or Administrative/Financial support. Volunteers, who are Board and

Committee members, still run about half of all community foundations. Paid staffing is encouraged where possible, but at the same time heavy value is placed on the involvement of volunteers.

Community foundation income

Income

2006: Top 3 Gifts received by Group III Community Foundations (largest foundations):

- Gifts of cash, including memorial funds raised the highest amount of money this year with \$43,433,292, reported. Gifts of cash were listed by 6 of 12 foundations as one of the top 3 gifts for 2006.
- Gifts of publicly listed shares summed to be a very close second at \$42,065, 740, with 9 foundations listing this as one of their top 3 gifts
- Grants from government raised the third largest amount of money for foundations
- Bequests were listed by 5 foundations as a top gift, and grants received from other foundations was listed by one foundation as a top gift for 2006.
- This year, the “Other” category includes corporate gifts (\$198,665 reported by 2 foundations), one transfer of assets from a private foundation (\$115,000).

Purposes

In 2006, the total amount of grants approved by 142 community foundations was \$135,062,408. This total includes flow through grants: grants paid and payable at the fiscal year-end.

Group III Community Foundations granted a total of \$123,148,955 in 2006. This figure comprises 91 percent of the total granting capacity of our community foundations.

- Health services saw the largest proportion of grantmaking amongst Group III community foundations with \$32,120,680 granted by 11 foundations in 2006. Social services received the most grants in 2005.
- Education & scholarships was the second largest category with \$24,797,025 granted and social services were a very close third with \$24,388,775 granted.
- The proportion of environmental grantmaking, grants to charities working with children and youth, and in the arts and culture sectors remained virtually unchanged from last year.
- Included in the Other category are grants to heritage and restoration, economic development, senior citizens, and animal welfare.

Group III community foundations reported on their operating expenses. The mean average of total expenses as a percentage of total assets was reported at 1.02% for this group.

Permanent funds/Sustainability

Total contributed capital, which is defined as the permanent endowment money held by Canada’s community foundations, as of the end of 2006, is \$1,951,838,768 or 70 percent of total assets,

Sustainability is a big issue. Some community foundations are examining and others are already using elements of a hub approach, in which several foundations share back office services and perhaps staffing. Endowments are being built as well, but will not ensure sustainability unless they are quite significant.

Nearly all community foundations rely heavily on the administrative fee that is charged against the funds they hold. About 30 percent hold annual fundraising events to support their operations. About 20 percent are also working on operating endowments, seeking out individual donors and their own Board Members who will help set them up. Corporations help with in-kind support in nearly all community foundations, including supporting annual reports and newsletters, sponsoring annual meetings, and providing office space. In recent years local municipalities have also provided in-kind support for newly-established community foundations.

Environment for philanthropy

Local attitudes

Canadians are moderately generous and are interested in their communities, so the attitudes are overall quite positive. Canadians are turning more to their own communities as they see government funds being cut, but it is not clear that there are enough resources to fill gaps, nor that philanthropy should be responsible for filling them. The issue has become how the various actors (private philanthropy, business and the governments) work together to ensure the gaps are filled and the social contract carried out. There is little consensus on this.

Legal and tax environment

Canada is said to have a generous tax system for charitable giving, although there is room for more giving, and various efforts to encourage philanthropy are under way. Recent tax incentives to encourage charitable donations include a favorable tax treatment for the gifting of publicly held shares to registered charitable organizations, including public foundations.

Changing attitudes and the national or local environment

In 2000, almost half of all Canadian donors (49%) indicated that they would contribute more if governments offered better tax credit for charitable donations (source: Canadian Centre for Philanthropy *Research Bulletin* Summer 2001, using data from the National Survey on Giving, Volunteering, and Participating).

Since then, in a series of tax changes encouraged by collaborative efforts among philanthropy and non-profit groups, including CFC, significant changes have been made. While there is evidence that giving has increased as a result of tax changes, it is also important to note that that actual number of donors (overall, community foundations may be an exception to this statistic) has not changed. The pool of existing donors is simply giving more. Philanthropy needs to be encouraged in Canada and CFC and its members see themselves as having an important role in deepening the culture and commitment to private giving for public good.

Community foundation activity and impact

Example 1. Removing Barriers to Homeownership. In Hamilton, dozens of families are moving from social housing to home ownership thanks to an innovative partnership supported by a grant from Hamilton Community Foundation. With partners Scotiabank, the City of Hamilton and CityHousing Hamilton Corporation, the Hamilton HomeStart program offers a financial leg-up to social housing tenants. If the participant can save at least \$100 per month in a special account, he or she can receive up to \$4,500 from the City and up to \$1,000 from Scotiabank to be used toward a down payment on a house.

The program also requires participation in financial education and training in home ownership and home maintenance, so that participants are well prepared for their new responsibilities.

Example 2. Strategic Focus on the Environment. With generous support from the J.W. McConnell Family Foundation, CFC has been working since 2002 with its members to strengthen their environmental grantmaking and leadership capacity. Eight community foundations began the program, with a goal of building environmental endowment funds, increasing their grantmaking for the environment, and building the capacity of local environmental groups. To date (a few months shy of the official end of the program) the eight foundations have raised over \$5 million in permanent new funds for the environment. And participating community foundations made over \$2.6 million in environmental grants as part of the program. In addition, CFC recently granted \$15,000 each to thirteen more foundations to “kick-start” their programs, so the impact of the program continues to spread.

Example 3. Measuring Vital Signs. Community foundations are issuing report cards that measure quality of life in key areas to help their communities respond to changing needs and opportunities. In 2006, the pilot year of CFC’s national *Vital Signs*® initiative, Victoria, Vancouver, Ottawa and Montreal joined Toronto, which created the *Vital Signs* model in 2001.

All *Vital Signs* reports use a core set of indicators organized into at least ten common issue areas:

- Learning
- Work
- Belonging and leadership
- Getting started
- Housing
- Safety
- Arts and culture
- Health
- Gap between rich and poor
- Environment

Then each city adds its own indicators to reflect their particular community. The measures are chosen with broad community input. CFC's national component will track trends and produce a national report that examines one theme in depth each year. *Vital Signs* is already sparking change. For example, Vancouver Foundation’s *Vital Signs* report is already deepening discussion on community issues such as homelessness, the environment and immigration. More than 25,000 copies of a four-page highlights summary were distributed to health centres, libraries, community centres, and schools across Vancouver. Vancouver Foundation's CEO and its Vice-President, Community Leadership took on a full schedule of speaking engagements at policy boards, conferences and not-for-profit organizations. The result has been immediate. *Vital Signs* data is on the table in discussions at the Board of Trade, the City of Vancouver, and the Greater Vancouver Regional District.

Stories about Canadian community foundations can be found also on the CFC website at:
<http://www.cfc-fcc.ca/stories/index.cfm>

Current challenges and future developments

Major challenges facing community foundations

Current challenges include:

- sustainability
- engaging the next generation of donors and volunteers
- reflecting Canada's growing diversity
- staying current in Board governance issues and approaches
- engaging in grantmaking that truly addresses systemic issues, while staying the course with current patterns in granting.

Areas for future community foundations development

The future for community foundations looks promising, particularly as they are beginning to be seen as leaders and collaborators. They are often the bridge between organizations, local government, issues, and people in their communities.

The visibility of community foundations is being heightened by their participation in national initiatives such as *Vital Signs*. *Vital Signs* is an annual community check-up conducted by community foundations across Canada that measures the vitality of our cities, identifies significant trends, and assigns grades in at least ten areas critical to quality of life. *Vital Signs* is based on a project of the Toronto Community Foundation and is coordinated nationally by Community Foundations of Canada. For more information <http://www.vitalsignscanada.ca/index-e.html>

International links

Canada has taken a leading role in developing and promoting the global community foundation movement. Canadian community foundations have participated in the Transatlantic Community Foundation Network (TCFN) and in the governance and activities of the Council on Foundations (USA). A number of Canadian community foundations have also informally hosted colleagues from around the world over the past few years.

CFC's President and CEO is past Chair of the Coordinating Committee of Worldwide Initiatives for Grantmaker Support (WINGS). As well, CFC incubated the community foundation constituency of WINGS (WINGS-CF) during its first three years. CFC's VP, Organization and Professional Development is currently Chair of the WINGS-CF Advisory Committee. In 2007 CFC hosted a WINGS One 2 One exchange with colleagues from Germany, participated in WINGS peer learning events, gave addresses, presentations and workshops at international conferences and meetings.

Support Organization: Community Foundations of Canada

History and purpose

Community Foundations of Canada is the only support organization for community foundations in Canada and was founded in 1992.

Our Mission

To build stronger communities by enhancing the philanthropic leadership of community foundations

Our Strategic Goals

- To support established and developing community foundations in their endowment building and donor services, grantmaking and community leadership, and as accountable stewards of community assets
- To promote and advance philanthropy and community foundations
- To model philanthropic leadership in Canada and internationally

Structure and organization

CFC is a membership association solely for Canadian community foundations, although it devotes a significant amount of energy and staff time into working with emerging community foundations. It is governed by a board of directors that is drawn largely from community foundation staff and volunteers across the country. To view CFC's board list, go to: http://www.cfc-fcc.ca/who_we_are/board_directors.cfm

CFC's core staff is located in Canada's capital, Ottawa, with additional senior staff and a group of Regional Coordinators, who assist in the delivery of services to community foundations, located in various parts of the country. CFC's work is also supported by several key consultants located across Canada. To see the staff list, go to: http://www.cfc-fcc.ca/who_we_are/staff.cfm

CFC's main sources of income are member dues/fees for service and private foundations (core funding and projects).

Project funding has come from various government departments at different stages in its life, and CFC has also secured smaller amounts of corporate funding, usually attached to events (for example sponsorship of national conference, regional meetings). A list of funders is in the most recent Annual Report: http://www.cfc-fcc.ca/who_we_are/annual_report.cfm

Recent accomplishments

- Launch of the national *Vital Signs* initiative in 2006 with 5 participating community foundations, grown to 11 in 2007 and 16 in 2008.
- Growth of *Supporting Your Communities* – a collaboration between CFC's network of community foundations and BMO Financial Group, a major Canadian financial institution, to create more opportunities for donors to make charitable contributions
- CFC and The Calgary Foundation hosted a leadership event, *Looking Down the Road: Leadership for Canada's Changing Communities* in October 2006 to help deepen understanding of the forces shaping our communities and the kinds of leadership that will guide our movement. To broaden

the conversation beyond the foundation movement discussion papers were produced and all of the recommendations arising from the Dialogue have been addressed.

- 36 community foundations are participating in the *Community Foundations and the Environment* program which attracts environmental endowment funds and convenes local organizations and individuals concerned about environmental issues
- Support of a national *Youth in Philanthropy* program and a specific youth website
- Development and support of National Marketing Tools
- Working on a “branding” initiative for community foundations
- Continued leadership in initiatives such as social justice granting, including the development of a toolkit resource, focusing on poverty reduction
- Leadership in CFC’s professional development program known as CF-LINKS, which offers peer gathering opportunities, regional meetings, training workshops and teleconferences, plus several peer listservs
- Preparing to host *CFC Conference 2008 – Our Communities. Our World.* November 7-9 in Montreal – an international conference for community foundations
- Producing CFC’s *Members’ Guide and 2006 Statistics; 2006 Compensation and Hiring Practices Survey*; and updating CFC’s numerous Resource Manuals and Tips and Tools.

Current challenges/future developments

CFC, like any strong network, faces several challenges. Serving a membership that is diverse in its needs and experience; managing internal and external expectations; keeping current in a rapidly changing environment which includes significant demographic shifts and managing its own financial security are among them. In a sense they are mirrored by the issues CFC’s members face: rapidly changing communities, considering how the significant assets of a financial and non financial nature (such as community knowledge) can be offered effectively to local communities; working collaboratively with all sectors, managing sustainability and figuring out how to tackle increasingly complex issues and expectations.

Earlier in the report several examples of ideas for the future have been offered: Vital Signs, collaborative and regional activity among community foundations, and environmental philanthropy are just three.

Additional resources

CFC Bookstore - <http://www.cfc-fcc.ca/bookstore/index.cfm>

Youth in Philanthropy website - <http://www.yipcanada.org>

Vital Signs - <http://www.vitalsignscanada.ca/index-e.html>

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UNITED STATES OF AMERICA

Community foundations

History

The modern development of community foundations was sparked in 1914 by the creation of the Cleveland Foundation, in Cleveland, Ohio, the first community foundation in the United States. Frederick H. Goff, a local banker, had the deceptively simple idea to consolidate a number of charitable trusts overseen by the trust banks into a single organization. This organization, a community foundation, would focus its grantmaking in a defined geographical area to meet the needs of all the people. The community foundation would exist in perpetuity and be governed by a local board of citizens.

The growth of community foundations began to take off after the Tax Reform Act of 1969, which gave community foundations the preferred tax status of public charities. Community foundation growth was further enhanced in the 1980s by the retreat of the federal government from funding social programs, and in the 1990s by the booming economy and the beginnings of the intergenerational transfer of wealth from the World War II generation to their heirs and philanthropic institutions.

Community foundations in the last two decades have increasingly focused their development efforts on attracting living donors through donor-advised giving programs. Donor-advised funds allow donors more direct participation in their philanthropy, which donors value. Although, many of the largest donations to community foundations still come from bequests, an increasing number of living donors, through the use of donor-advised funds, have furthered the culture of philanthropy in the community and allowed community foundations to grow more quickly.

More recently, US community foundations have begun to return to their historical roots and focus not just on the enhancement of their internal operations to support donor advisors but on leading and engaging in significant community leadership activities. In addition to their roles as grantmakers and philanthropic transaction agents, community foundations are increasingly using their financial and intellectual assets to become community change agents.

Current situation: Facts and figures

Number of community foundations formally established in total.	Over 700
Number of community foundations established in 2007.	Not known.
Number of community foundations at early stages of development.	Not known.
Percentage of territory covered by community foundations.	There are community foundations in every state of the nation, but there are not any statistics that provide for the percentage of territory.
Percentage of population that has access to a community foundation.	Not known. Widespread.
Total number of people with access to a community foundation.	Not known. Widespread.
Is the rate of community foundation formation steady/ increasing/ decreasing? Explain below:	Increasing, slightly.

Nearly 100 years after the founding of the first US community foundation, the movement in the United States is maturing. All major portions of the United States are covered by at least one community foundation. Growth is seen in rural areas.

Total sum of grants made by community foundations.	Latest data is for 2006: Columbus Foundation Survey of 631CFs: \$3.7 billion
Total number of grants made.	Not known
Total sum of the income/donations.	Columbus Foundation 2006 data: \$5.7 billion
Single largest source of income for community foundations	Administrative fees from managing the charitable assets.
Total sum of endowments.	Columbus Foundation 2006 data: \$51.2 billion
Community foundation with the largest endowment and size of its endowment.	Columbus Foundation 2006 data: Tulsa Community Foundation (Oklahoma): \$3.07 billion.

Complete list of community foundations

A list of US community foundations can be found at: www.CFLocate.org

Community foundation staffing

Most community foundations in the United States are professionally staffed, and new community foundations usually hire at least one professional staff member, typically the CEO, as part of their start-up process. US community foundations work extensively with volunteers in all phases of their operations. In

addition to their volunteer Board members, volunteers are often used: to review applications and make site visits as part of the grants review process; on Board committees where outside expertise is needed – such as the investments and audit committees; on special projects, where the views of the community are sought to help set grantmaking priorities; on the selection committees for scholarships and awards.

Community foundation income

Income

Donations to community foundations in the United States come overwhelmingly from individuals. Some contributions come from local and national private foundations and from family foundations. Relatively little funding comes from corporations and governments.

Purposes

Donor advised funds.

Permanent funds/Sustainability

It is not possible to say what proportion are endowed funds. There is a movement in the United States to be less concerned about whether or not a fund is permanently endowed.

Economic sustainability of community foundations in the US is an issue. The Community Foundations Leadership Team recently worked with FSG: Social Impact Advisors to develop an organization called Community Foundation Insights. This organization helps community foundations to compare their fees and administrative expenses with like organizations and to do cost/revenue modelling. This helps community foundations to understand the real costs of delivering services and what is the right mix of products and services they can deliver and remain economically viable. Also, some community foundations have merged or have shared back office services. This is not a major trend at this point but it is something that may be an emerging trend.

In addition, some community foundations have enhanced their financial stability by relying on annual giving campaigns to supplement their earned revenue.

Environment for philanthropy

Local attitudes

Even though the United States has had large social welfare programs beginning with the Great Depression of the 1930s, it has never been a social welfare state. From its earliest days, citizens of the United States have been accustomed to seeing to the needs of their families and their communities. Local giving has taken place through houses of worship and through direct contributions to non-profit organizations for the services they provide and the causes they represent. More recently, philanthropically-minded individuals have found that giving through community foundations is an effective way to provide for their community's needs now and into the future.

Legal and tax environment

The tax, legislative and legal environments in the US are highly supportive of charitable giving. Community foundations have the preferred tax status of public charities, which means they are not subject to the taxation that falls on private foundations. Donations to community foundations receive the highest tax deductions allowable under the law for gifts from individuals.

There is a trend for state governments to also offer special tax incentives for donations to community foundations.

A slight change in the federal government's interest in regulating foundation charity appears to be taking place. New charitable provisions have been included in the Pension Protection Act and the IRA Charitable Rollover Act, which allow donors to make gifts from their individual retirement accounts directly to charities without having to pay personal income taxes on their assets. This provision has yet to be made permanent.

Changing attitudes and the national or local environment

The attitudes in the US toward organized philanthropy in general, and individual philanthropy in particular, are highly positive, although much work needs to be done to maintain trust in the foundation sector.

Community foundation activity and impact

Example 1. Social Justice Philanthropy: Leading a Community-wide Agenda. For decades Washington, D.C. has been divided along racial and class lines with a mostly working-class African-American population across the Anacostia River in the east and a mainly middle and upper-class white population in northwest D.C. The eastern section of the city has historically faced inequities based on race and class – including inadequate housing, underemployment, education achievement gaps and limited access to quality healthcare. The economic boom of the 1990s created a gentrification process that has shifted some of the boundaries, with white wealth spreading and poverty moving out of the city into the surrounding counties.

Adding to the dynamic has been massive immigration since the mid-1960s. Nearly half a million new residents arrived in the 1990s alone. Prior to changes in the U.S. immigration laws in 1965, less than half on one percent of the regional population was foreign born. Thirty years later, 800,000 newcomers had arrived from over 200 countries. The huge demographic shift has influenced almost every area of community life. It has also necessitated the rise of new organizations and programs to aid immigrants, educate residents, and enable diverse communities to bridge differences.

The Community Foundation for the National Capital Region has put forth a bold social justice agenda to ensure equity, access and opportunity for all. Of particular interest to the foundation are issues relating to the connection between education and workforce development for local communities. As part of this effort, two of the foundation's flagship initiatives are The Common Ground Fund and The Washington Area Partnership for Immigrants. Both projects work to ensure that minority and immigrant communities can contribute to and benefit from the prosperity often associated with the region.

The Common Ground Fund aims to support non-profit organizations and grassroots groups working to provide sustainable futures for their children and families – tackling problems in housing, education, and

health services. The Fund focuses on building the capacity of parents and residents to advocate for themselves and to organize for community change. The foundation leveraged the contributions of several national and local philanthropies for the Fund, including financial resources from many of the donor-advised and special projects funds under its stewardship. The Common Ground Fund has granted more than \$2 million to ensure access for educational, housing, health care, and political equity in traditionally disenfranchised communities throughout the greater D.C. area.

The Washington Area Partnership for Immigrants began as a loose group of local funders interested in immigration issues. With funding from the Emma Lazarus Fund of the Open Society Institute the group became formalized and focused on supporting immigrants to obtain U.S. citizenship. It then expanded its agenda to include building strong regional leadership in immigrant communities in D.C. It has made grants in excess of \$2.6 million to improve public awareness of immigrant-related issues and for advocacy, leadership development and capacity building. With the foundation's stewardship, the Partnership has developed into a public/private partnership that, despite its members' institutional constraints and individual funding priorities, functions effectively as a collaboration leveraging multiple investments and public and private resources.

Both The Common Ground Fund and The Washington Area Partnership for Immigrants make use of grantmaking, awareness building, and convenings to ensure equitable access to community resources and fair practices for residents. Because the projects inform each other and cut across traditional grantmaking program areas, the work of these two projects provides opportunities for cross-cutting dialogue, exchange, and agenda setting. In 2005, The Common Ground Fund and The Washington Area Partnership for Immigrants released a joint publication, *Parent Leadership: Investing in Children's Academic Success*, which information the foundation's new grantmaking goals for helping minority and immigrant parents advocate for their children in public schools.

Example 2. Promoting Economic Development. The greater Kalamazoo, Michigan area has experienced both economic challenges and breakthroughs. The **Kalamazoo Community Foundation** has played an instrumental role in shaping the community's future and economic vitality, by using program and business-related investments (PRIs and BRIs) – low-cost loans and loan guarantees – to leverage economic and redevelopment activity in the greater Kalamazoo area. The benefits are many. Loans can be made to support projects not eligible for conventional financing. They can also be used to leverage private capital. Because loans will eventually be paid back, the foundation retains the assets.

Since 2000, the foundation has authorized \$19.1 million in targeted investments to assist with community redevelopment projects.

- Downtown Tomorrow Inc. received a \$748,000 loan to purchase a property in the central business district and advance the construction of 20 condominiums.
- A foundation PRI of \$1.5 million allowed the creation of a nine-acre parcel of land slated for future development west of downtown.
- A \$2 million PRI completed financing for the \$12 million Innovation Center in the Business Technology Research Park of Western Michigan University, already home to 14 biotech and life science businesses.
- A \$1 million loan helped launch the Air Zoo, an entertainment-based aviation museum and national tourist attraction.

By partnering with organizations dedicated to enhancing the vitality of the greater Kalamazoo area, the community foundation is leading the community as it fosters entrepreneurial spirits, instills philanthropic values, and invests in strategic, economic growth.

The Kalamazoo Community Foundation's PRI for the Innovation Center, a business incubator designed to create new high tech jobs in the wake of job losses in the local pharmaceutical industry, received a 2007 Critical Impact Award, one of only two awarded that year by the Council on Foundations to community foundations. Critical Impact Awards are given to "those who truly make a difference in their grantmaking, while sharing with the public examples of how philanthropy seeks to enhance the common good".

Current challenges and future developments

Following corporate scandals and media reports of wrongdoing in the broader US philanthropic sector, US grantmaking foundations – including community foundations – face the potential of eroding public trust and, for the first time in more than 38 years, stricter governmental regulation. Partially in anticipation of such threats, as well as in recognition of the need to differentiate community foundations from other charitable giving options, in 2000 the US community foundation field adopted National Standards for US Community Foundations. Currently, over 575 US community foundations have declared their intent to comply with the National Standards, and the field has confirmed more than 400 organizations as compliant.

Community foundations in the US also continue to face challenges from competitors caused by the success of the community foundation model. Financial institutions, institutions of higher learning, and other nonprofits have discovered that donor-advised funds are a way to increase charitable giving to benefit their organizations. The commercial charitable gift funds, such as those run by Fidelity Investments and Vanguard, have been aggressively marketing their donor-advised products.

As pointed out in the seminal report on the field, "On the Brink of New Promise," the challenge for the US community foundation field is to see its distinctive value as community change agents not just as grantmakers or agents of charitable transactions. Community foundations have rich expertise in grantmaking and knowledge of community needs and the local nonprofit sector that can be turned into powerful forces for significant community change.

Future developments may be along the lines of increasing the number of affiliate funds. While there are over 700 community foundations in the US, a recent Aspen Institute study indicated that there are over 3,000 geographic affiliate funds of these community foundations. These affiliates often are a group of funds dedicated to a specific community located in proximity to the "parent" community foundation. In many ways they may act like a community foundation (funds overseen by a volunteer group of local citizens), but their administrative work and legal structure is assumed by the parent organization.

Additional resources

See the Chronicle on Philanthropy article on the Columbus Foundation 2007 survey of US community foundations, which reports on 2006 data on US community foundations at:

<http://philanthropy.com/premium/articles/v19/i23/23001801.htm>

The Columbus Foundation Survey data can be found on the Columbus Foundation website at:

www.columbusfoundation.org/find/survey/index.aspx

Support Organization: Council on Foundations

Community Foundation Services

History and purpose

The Council on Foundations is the national membership organization for all grantmaking foundations in the US. Its Community Foundation Services department addresses the needs of member community foundations through information, training, technical assistance and networking services on a wide range of issues affecting community foundation operations and development.

The department also staffs the Community Foundations Leadership Team – a group of elected leaders who work with the Council to set strategic direction and policy for the community foundation field. The Leadership Team has identified several areas of work as part of its 2007-2010 Plan of Action. The link to the Plan of Action is given in the next section.

The Council's Fall Conference for Community Foundations, held annually, regularly attracts more than 1800 community foundation staff and board members from the US and around the world.

In addition to Community Foundation Services, several other Council departments provide services to community foundation members including International Programs, which serves the international interests of US community foundations, as well as the general interests of non-US community foundations.

Other organizations that support and promote the development of community foundations

The United States is well served by organizations that support the development of community foundations at the national and regional levels.

There are numerous regional associations of grantmakers, some of which have programs specifically tailored for community foundations in their areas. These include the Council of Michigan Foundations, the Indiana Grantmakers Alliance, the Ohio Grantmakers Forum, the Southeastern Council on Foundations, the Donors Forum of Wisconsin, the Connecticut Council for Philanthropy and the Association of Baltimore Area Grantmakers (for the state of Maryland). Statewide associations or networks of community foundations also exist in many areas including California, Florida, Iowa, North Carolina, South Carolina, Virginia and West Virginia.

In some areas community foundations in a region will coalesce around common issues such as the environment or shared grantmaking. The US is also home to a large number of national funders that have recognized the ability of the community foundation model to address local issues. National funders that are currently active include: the Charles Stewart Mott Foundation, the Ford Foundation, the W.K. Kellogg Foundation, the Lilly Endowment, and the John S. and James L. Knight Foundation.

Structure and organization

The Council on Foundations is a membership association of all types of foundations. Total membership is about 2,100, of which 25 percent are community foundations. The Council employs about 90 full-time staff.

The Community Foundations Leadership Team serves as the main group that governs the work of community foundations. It is composed primarily of board members and senior staff of community foundations. The Leadership Team chair attends Council board meetings as a guest. While the Council's Community Foundation Services department is the primary provider of services to community foundation members, several other departments also provide assistance including Legal, Government Relations and Research.

Recent accomplishments

See the Community Foundations Leadership Team 2007-2010 Plan of Action at:

www.cof.org/files/Documents/Community_Foundations/CFLT/CFLTActionPlan.pdf

Current challenges/future developments

See the Community Foundations Leadership Team 2007-2010 Plan of Action at:

www.cof.org/files/Documents/Community_Foundations/CFLT/CFLTActionPlan.pdf

Additional resources

COF resources for community foundations are available under the Community Foundations section of the Council on Foundations website at: www.cof.org

Correspondent: Heather Scott, Director, Community Foundation Services, Council on Foundations

US-MEXICO BORDER REGION

Community foundations

History

The history of community foundations in the US-Mexico border region is varied. The earliest community foundations were established in the larger US cities between 1975 and 1980, as part of the increased community foundation formation that followed the 1969 Tax Reform Act. At that time only San Diego, El Paso and Community Foundation for Southern Arizona (in Tucson) worked in “border” communities (defined as communities within 100 miles of the US-Mexican border).

In the 1990s, some of these established foundations created affiliates in the border communities. The San Diego Foundation established the International Community Foundation in 1990, as an independent 501(c)3, with operational subsidies from the San Diego Foundation. By the late 1990s, the International Community Foundation had turned its attention to neighboring Baja California. The New Mexico Community Foundation began expanding its work to the border region in the late 1990s and established an office in Las Cruces in the early 2000s. The Community Foundation in Southern New Mexico was established in 2002 as a result of a local public hospital privatization.

With the exception of El Paso, Texas community foundations were not established in the mostly small towns and cities of the Texas-Mexico border area. The first exception was the Brownsville Community Foundation, founded in 1997 with a grant of public funds from the City of Brownsville’s Community Development Block Grant. In response to the US-Mexico Border Philanthropy Partnership, new community foundations have been formed in Laredo, Texas and the Lower Rio Grande Valley.

The Mexican border region has a unique history – both in terms of community foundation development and the development of civic participation. Much of the movement to end the one-party rule and highly centralized government in Mexico emerged in the northern border states. This opened the door to opposition governments and increased civic engagement in other parts of the border and eventually the rest of the country.

It was within this context that an independent philanthropic initiative of businessmen emerged in the state of Chihuahua. Responding to the devastating floods in 1994, a group of businessmen presented a proposal to the state legislature for the formation of the Chihuahua Businessmen’s Foundation (Fundación del Empresariado Chihuahuense – FECHAC). Under this proposal, the state government would assess a 1% payroll tax to be directed back into the Foundation. The Foundation’s board was made up of representatives from each of the different participating business chambers. Each of the state’s main cities established local chapters, with a state umbrella organization coordinating activities. The FECHAC chapters in Ciudad Juárez and Ojinaga are participating in the US-Mexico Border Philanthropy Partnership. By 2003, exposure to the community foundation model had influenced the FECHAC to consider their potential development as a community foundation, although in 2006, the board had decided that while it benefited from being exposed to the model, technically it is not a community foundation.

In the state of Sonora, the local businesses established the Fundación del Empresariado Sonorense (FESAC) in 1999 with voluntary contributions from each of the participating business chambers. In 2003, influenced by growing interest in the community foundation movement, the FESAC expanded its board to

include some community representation. In the state of Baja California, in the late 1990s, several prominent civic leaders from Tijuana began participating in the San Diego-based International Community Foundation. In 2000, the Fundación Internacional de la Comunidad (FIC) was founded in Tijuana and the Hewlett Foundation made a significant grant to support operations and an initial environmental grantmaking fund. Following in FIC's footsteps, the Fundación Comunitaria de Matamoros and the Fundación Comunitaria de Tecate both incorporated in 2003. In Ciudad Juarez, a group of local civic leaders and philanthropists came together to form the Community Foundation for the Northern Border (Fundación Comunitaria Frontera Norte) in 2002, and this foundation has grown considerably as part of the US-Mexico Border Philanthropy Partnership. The foundation now has 14 funds and over \$1million in assets.

The US-Mexico Border Philanthropy Partnership (BPP), a collaborative of 11 funder foundations and 19 border community foundations managed by the Synergos Institute, has contributed since Fall 2002 to the establishment and/or further development of border community foundations. This development assistance includes support for capacity building (administrative, board, resource mobilization) and border programs. Through the Partnership, the Synergos Institute provided support to the start-up and to "younger" foundations, as well as to unique and expanded border programs at the more established community foundations. (For more information see the US-Mexico Border Philanthropy Partnership website at www.borderpartnership.org). In July 2008, Synergos' role as managing partner will conclude and the Partnership will be spun off to become its own independent entity. The membership of the Partnership will expand to include other types of philanthropic entities such as corporate foundations and giving programs, and private and family foundations. The International Community Foundation will provide fiscal sponsorship for the new entity until it receives its tax deductibility status in the US and Mexico.

Current situation: Facts and figures

Number of community foundations formally established in the US-Mexico Border Region.	19; 13 on the US side and 6 on the Mexico side of the Border
Number of community foundations established in 2007.	0
The number of community foundations at early stages of development.	0
Percentage of country's territory covered by community foundations.	Not applicable
Percentage of population that has access to a community foundation.	Unknown
Total number of people with access to a community foundation.	Unknown
Is the rate of community foundation formation steady/increasing/decreasing? Explain why in the box below:	Steady

One small community foundation (Tecate) closed its doors in early 2007.

Total sum of grants made by community foundations in 2007	Unknown
Total number of grants made in 2007.	Unknown
Total sum of the income/donations in 2007.	Unknown
Single largest source of income for community foundations	Unknown
Total sum of endowments at the end of 2007.	Unknown
Community foundation with the largest endowment at the end of 2007 and size of its endowment.	San Diego Foundation – US \$553,880,000 (2006)

Complete list of community foundations

For a complete contact list of community foundations participating in the Border Philanthropy Partnership, see the BPP website:

http://borderpartnership.hostcentric.com/about/partners/community_foundations.html

Arizona Community Foundation
Phoenix, Arizona, USA

Brownsville Community Foundation
Brownsville, Texas, USA

Cochise Community Foundation
Douglas, Arizona, USA

Community Fdn for Southern Arizona
Tucson, Arizona, USA

Community Fdn for Southern New Mexico
Las Cruces, New Mexico

Frontera Women's Foundation
El Paso, Texas

Fundación Comunitaria de Matamoros
Matamoros, Tamaulipas, Mexico

Fundación Comunitaria de la Frontera Norte
Cd. Juárez, Chihuahua, Mexico

Fundación Comunitaria de la Comunidad
Tijuana, Baja California, Mexico

Fundación del Empresariado Chihuahuense
Ojinaga, Chihuahua, Mexico

Fundación del Empresariado Chihuahuense
Juárez, Chihuahua, Mexico

Fundación del Empresariado Sonorense
Nogales, Sonora, Mexico

International Community Foundation
San Diego, California, USA

Laredo Area Community Foundation
Laredo, Texas, USA

New Mexico Community Foundation
Santa Fe, New Mexico, USA

San Diego Foundation
San Diego, California, USA

Santa Cruz Community Foundation
Nogales, Arizona, USA

Texas Valley Communities Foundation
McAllen, Texas, USA

Yuma Community Foundation
Yuma, Arizona, USA

Community foundation staffing

The larger US community foundations tend to be staffed in all the functional areas of operations, while the smaller ones or affiliates of larger foundations on the US side have 1-2 staff people in total. Some of the larger community foundations in Mexico are highly staffed, while the smaller ones have one staff person and rely more on volunteers. The experience of the US-Mexico Border Philanthropy Partnership suggests that it is essential to have at least a half-time professional staff person to support community foundation operations and resource development, once the founding board is established and meeting regularly.

Community foundation income

Income

In the US border region, income for the established foundations is largely derived from individuals (90%), although some of the “younger” foundations (New Mexico Community Foundation, Community Foundation for Southern Arizona, International Community Foundation) also depend on significant contributions from national or international foundations. The newer US community foundations are largely dependent on foundation support – or, in the case of affiliates – subsidies from their “parent” community foundation.

In the Mexican border region, no foundations survive on individual contributions or endowment revenues. The Fundación del Empresariado Chihuahuense depends on the voluntary tax for nearly 100 percent of their revenues. The Fundación del Empresariado Sonorense operates with voluntary business chamber contributions (about 50%) and international foundation funding (about 50%). The emerging community foundations have been able to somewhat reduce their dependency on international foundation funding in recent years, from nearly 100 percent dependency to around 60-70 percent. Two of the 6 Mexican foundations have developed or are in the process of developing social enterprises (such as operating charity shops) to supplement their funding and others are interested in following suit. All the foundations have developed relationships with government and corporations, and are working to cultivate individual donors as well.

Purposes

Grantmaking and programs, capacity building, operations, sustainability.

Permanent funds/Sustainability

The Mexican community foundations and their start-up US counterparts are increasing efforts to build endowments. Several of the Mexican border community foundations participated in an endowment challenge grant initiative, operated by the Mexican Center on Philanthropy with funding from the InterAmerican Foundation. The challenge grant program was successful and each of these now has at least US \$100,000 in endowment. In the case of the Fundación Comunitaria de la Frontera Norte, a small percentage of each donor gift is designated to build the foundation's endowment.

Environment for philanthropy

Local attitudes

In the Mexican border region, there has been a tradition of church-based philanthropy and central government funding for social services, community development and arts and culture – coupled with significant, mostly church-based, US charitable activities. In the past two decades, as the government has pulled back from these areas and civil society has begun to emerge as a stronger actor, attitudes have begun to change. There is a greater interest in the establishment of civil society organizations equipped to address community needs, and a greater interest in contributing funds towards these efforts. Although there is still a tendency to look to outside funders, increasingly attitudes of self-sufficiency and local empowerment (key to support for sustainable community philanthropy) are growing. Even so, community foundations are new and unknown institutions, and recent surveys show that Mexicans tend to distrust organized philanthropy and still prefer to give to the church or directly to individuals. The level of trust necessary to encourage giving by individual donors must increase before significant progress can be made.

Legal and tax environment

There are few legal obstacles for giving to community foundations in the US border region. Last year the Mexican foundations faced a challenge when the new Calderon administration proposed cutting the existing tax incentives for philanthropy in order to augment government coffers. The foundations and the rest of the non-profit sector banded together to defeat this initiative, but the proposal was an indicator that there is a long way to go in Mexico to prove the value add of the sector. There has been some success in raising local corporate contributions, but barriers in the legal and tax environment remain. One of the foundations, the Fundación Internacional de la Comunidad in Tijuana, worked recently with a legislator from Baja California to enact legislation that would change the tax situation for in-kind gifts and make it easier for nonprofits in Mexico to receive in-kind donations across the border.

Changing attitudes and the national or local environment

In both the US and Mexican border areas, where community philanthropy is a new concept, there must be significant outreach and education of key opinion leaders and the general public. In the Mexican border region, a legal and tax environment that creates incentives for community foundation contributions would be helpful. The Border Philanthropy Partnership has been working to raise the visibility of philanthropy in the region by the distribution of Op-Ed pieces, and the development of marketing templates particularly for the Mexican foundations to use.

Community foundation activity and impact

Example 1. Providing Hope and Help for Local Teens in Cochise. What would it be like to be a homeless teenager in Sierra Vista, Arizona, knowing how important education was to your future, but not knowing where you were going to sleep each night – or whom to turn to for help? At least one former student from Buena High School was well aware of these challenges. But thanks to the Bob Holcombe Fund for Vocational/Educational Success at the Cochise Community Foundation, an affiliate of the Arizona Community Foundation, this young man recently graduated from high school with a community college basketball scholarship.

The Community Foundation's grant provided support to Buena High to initiate a program that trained mentors to work with at-risk youth. This young man's mentor, who was also the basketball coach, helped the student secure living arrangements and develop self-discipline. He monitored academic progress and kept in regular communication with teachers and the student, making sure the he stayed on track and in school. Cochise Community Foundation staff partially credits the U.S.-Mexico Border Philanthropy Partnership for this success, because assistance provided by the BPP allowed the Foundation to develop a more strategic approach to grantmaking from this fund. Philanthropy on the border has the power to help young people sleep better at night, and take the world by storm during the day, knowing that someone cares enough about their future to invest in them.

Example 2. Promoting Civic Participation in Cd. Juarez. In Cd. Juarez, a city where nearly half of the population of 2 million is between the ages of 15 and 35, the local community foundation has developed a uniquely Mexican approach to inspiring giving and civic participation among its young people. The Fundación Comunitaria de la Frontera Norte's Youth in Philanthropy Program provides financial support and guidance to groups of young people with a desire to make a difference in their community. Through a partnership with six local youth serving nonprofit organizations, the program provides financing and guidance to young people that have formed a Youth Council. The councils develop and put forth proposals for a project that will benefit the community. Once approved by the foundation, the councils are awarded a US \$700 USD grant and are assigned an adult advisor to help carry out their project. The Youth Council is also responsible for matching 10 percent of the grant with resources they have themselves raised in support of the effort.

In just two years, more than 239 youth have participated in 20 youth councils directly benefiting over 1920 Juarenses. David, age 15, who participated in a project named Munau Ecologico – a project that succeeded at mobilizing broad community participation in a park revitalization project – shared in a letter of appreciation to FCFN board members:

“Participating in this program has changed my life in many ways and I believe has also made me a better person. The opportunity to participate in projects that benefit the community is an experience that I can share with others and I can use to motivate other young people like me to help improve the community. My group also learned about developing programs, needing to know where we want to get to, how to help and who needs to benefit and manage the resources to make it happen. Helping others is a way of showing that we care about our community.”

Resources made available by the BPP helped support the development of the FCFN youth program. The foundation's BPP coach helped identify and arrange a site visit with the Vancouver Foundation and Barbara Oates, a leading expert on the topic of Youth in Philanthropy with the Community Foundations of Canada, so that the FCFN could learn more about youth in philanthropy programming. Travel expenses were covered by BPP technical assistance funds.

For more information about the work of the Fundación Comunitaria de la Frontera Norte visit www.fcfronteranorte.org

Current challenges and future developments

Major challenges facing community foundations

Increased anti-terrorism measures in the US since September 11, 2001, and the resulting debate over immigration policy and the security of the US border, have raised significant barriers to cross-border collaboration. There is also a need to develop accounting standards for nonprofits in Mexico that are consistent for all community foundations, so that their operations are transparent and can be compared from one community foundation to another. The beginning of this effort is currently underway. In addition, the sustainability of smaller foundations on both sides of the border is a concern, especially in tougher economic climates.

International links

Through the training funds provided to community foundations on the Mexican side of the border, senior staff members have participated in the Fall Conference for Community Foundations in the United States, as well as the Conference for Southwest Foundation events. The Executive Director of FESAC-Nogales was selected as a fellow at the CUNY international fellows program. Both the director of the Transatlantic Community Foundation Network and the programme manager of the WINGS Global Fund for Community Foundations recently participated in the US-Mexico Border Philanthropy Partnership's 9th learning community in Mesa, Arizona. The executive director of Fundación Comunitaria de la Frontera Norte is on the program committee for the 2008 Community Foundations of Canada meeting.

Support Organization: Synergos Institute

History and purpose

In 2001 the Ford Foundation approached the Synergos Institute and other donor partners to study the potential of an effort to develop philanthropic leadership and infrastructure in the US-Mexico border region. The resulting feasibility study consulted with an array of border leaders and institutions and proposed a partnership of border community foundations and funding partners that would strengthen local leadership and increase the capacity of border foundations to mobilize philanthropic resources and provide community leadership on quality of life issues for low income communities across the region.

The partnership was officially launched with the convening of the first US-Mexico Border Philanthropy Partnership (BPP) Learning Community in Cd. Juárez in September of 2002. The Cd. Juárez meeting brought together for the first time representatives of established and start-up foundations from eight border states, the Synergos Institute and funding partners. At this meeting, BPP partners initiated the first-ever bi-national collaborative effort to build and strengthen community philanthropy.

Structure and organization

Founded in 1986, Synergos Institute is a nonprofit organization that brings people together to address the underlying causes of poverty and inequity in innovative ways that lead to meaningful, long-term change. Synergos builds and supports networks of leaders engaged in efforts to reduce poverty and increase equity around the world. Synergos works with these philanthropists and civil society leaders, as well as with community-based groups, businesses, governments, foundations and international organizations, to make sustainable systems changes that enhance the opportunities for and help meet the needs of those who are poor and marginalized. Synergos supports partnerships that include and respect the wisdom of all key stakeholders and works to develop the local leadership, capacity and institutions that are needed to sustain these initiatives. The staff of 40 is headquartered in New York with field offices in San Diego, Brazil and Southern Africa. As mentioned earlier, Synergos will be transitioning out of the project at the end of July 2008 and handing the program over to a newly-formed independent entity.

Recent accomplishments

With Synergos' support, the Border Philanthropy Partnership has accomplished the following:

- Created new institutions in five border communities where they did not previously exist.
- Mobilized over \$20 million in direct support of organizational development of border foundations and border issues such as community health
- Increased by \$230 million philanthropic assets at BPP foundations since 2002
- Increased assets for low-income border families. Between the 2005 and 2007 tax seasons, Earned Income Tax Credit refunds at sites supported by border community foundations increased from \$14 million to \$18 million, and the number of low-income border families served during that period rose from 13,000 to 50,200.
- Convened dialogue on critical local issues, such as immigration, early childhood education, health care
- Created a new growing cohort of Latino philanthropic leadership

Current challenges/future developments

BPP has been managed since its founding by the New York-based Synergos Institute. In August 2008 the partnership is being launched as an independent entity. The new entity will expand beyond its initial core membership consisting of community foundations, and become a more inclusive partnership that will continue to strengthen community philanthropy, while also actively involving foundations (private, public, corporate, family), corporate giving programs and individuals to do more to address the socio-economic challenges along the U.S.-Mexico border.

The newly-constituted BPP will be a bi-national organization with staff working in both the United States and Mexico to:

- Collaborate and provide leadership on cross-border programmatic issues of common concern
- Mobilize more effective philanthropic resources to address border issues
- Strengthen the institutional capacity and further the sustainability of border foundations

Additional resources

See the US-Mexico Border Philanthropy Partnership website: <http://borderpartnership.org>

Correspondent: Ann Tartre, Synergos Institute; Director, US-Mexico Border Philanthropy Partnership