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### WHAT IS A COMMUNITY FOUNDATION?

A community foundation is a collection of charitable funds established by individuals, families and organizations – a tax-exempt, publicly supported foundation governed by its own board of trustees. The first community foundation was created in Cleveland, Ohio, in 1914. Today, more than 700 community foundations in the United States manage an estimated \$45 billion in assets. In 2010, giving by community foundation totaled approximately \$4.5 billion.

Community foundation are overseen by volunteer boards of leading citizens and run by professionals with expertise in knowing their communities' needs. In addition to making grants that advance charitable activities in their localities, community foundations also identify current and emerging issues, stimulate resources to address those needs and help their community prepare for the future.

### WHAT DOES A COMMUNITY FOUNDATION DO?

A community foundation receives charitable gifts, manages charitable assets and makes charitable grants. Community foundations offer several types of funds to help donors achieve their charitable goals and to meet community needs. Donor-advised funds allow donors to make recommendations about how charitable grants are made from the fund. Many donors establish donor-advised funds as an alternative to setting up their own private foundation, with fewer administrative burdens and generally greater flexibility and tax benefits.

In addition to donor-advised funds, community foundations offer:

- designated funds, which benefit a particular charitable organization or program
- scholarship funds, which enable qualified students to pursue their academic dreams
- field of interest funds, which allow donors to dedicate gifts to an area of charity that is particularly meaningful to them, such as education, health care, children, the elderly or arts and culture
- unrestricted funds, which are used by a community foundation in competitive grantmaking to meet critical community needs
- agency funds, which allow nonprofits to benefit from a community foundation's experience

### WHY DO PEOPLE GIVE THROUGH COMMUNITY FOUNDATIONS?

Community foundations offer donors many services and benefits. They work with families, individuals, organizations and professional advisors to design gift plans that fit every economic situation, ensuring that donors receive the most from their philanthropy. Community foundations maximize charitable assets by offering lower expenses and fewer administrative burdens than private foundations.

In addition, community foundations offer deep knowledge of community needs and the organizations that can most effectively address them, as well as stringent grantmaking so that each grant complies with regulations and achieves the best philanthropic impact. Community foundations offer donors an opportunity to make a significant difference in their local communities as well as to support causes on the regional, national and international levels.