

## **Community Foundation**

### ***Description***

Community foundations are charitable or nonprofit endowments that are restricted to supporting projects in a specified community or region. For smaller towns and rural areas it is a very long-term process to establish and grow a substantially endowed grant-giving instrument, and so it behooves the organizers to enlist a number of partner communities to extend both the potential financial resources and the regional scope. The aim, of course, is to create a permanent source of funds for community purposes. Grants (or other financial supports, such as loans or program-related investments) are generally made solely from the earnings of the endowment, without invading the principle.

The financial function of a community foundation may be supplemented by its sponsorship of conferences or other meetings on community issues, by issuing publications, and by offering community leadership training opportunities. It might also provide technical assistance to community groups. As an organization, the foundation may have contributing members, but not necessarily. It can be run by a board of volunteers who do all the required work in the absence of any staff. However, a foundation is apt to grow faster if there is at least one full-time person devoted to its development. Key to its reputation will be a full transparency of operations and a highly competent and respected board.

The sources of the endowment are usually local wealthy individuals and families or local businesses. However, municipalities or other government agencies may, on rare occasions, supplement the private funds; and union, corporations, or banks with local branches are additional sources. Sometimes other national foundations will assist in building the endowment of a community foundation.

Many community foundations act more or less as a manager for endowments of other charitable groups, and most will accept earmarked funds for particular purposes. In all cases, however, tax regulations require disbursements only to other charities. Recent consideration by Revenue Canada of changes in its regulations relevant to CED may make it easier to use charitable funds for broader CED purposes.

### ***Benefits***

The foundation offers a ready opportunity for people to give back to their community in a permanent way and for the community to support high-risk and other projects that may not qualify for other funding sources. Even a small foundation may be powerful as a source of

initial or seed funding that will allow projects to attract other financing. A vigorous foundation can be a centre of community leadership in meeting community needs.

### ***Major challenges***

Amassing an endowment of some reasonable scale may be especially slow and difficult, unless there just happens to be some interested families or businesses of considerable wealth to start the process going. Nevertheless, the foundation must be seen as a community-wide enterprise and not just the toy of a limited group. So all local citizens should be encouraged to contribute to the foundation. Also, making financial awards requires a respected process of assessment and a high degree of transparency so that local residents feel sure that all projects receive a fair evaluation.

### ***Some practical steps***

1. Founders must construct a plan that lays out the legal status and goals of the organization over time, as well as the aims for the use of the funds.
2. At least a preliminary board should be assembled to encourage and guide fund-raising.
3. It would probably be useful to engage the assistance of one or more other community foundations as mentors in the entire process.
4. Prime givers must be identified and then approached for participation.
5. Once launched, the foundation can follow out its plan for growth and for contribution to community resilience.

### ***Resource organizations & contacts***

Community Foundations of Canada, 301-75 Albert St., Ottawa, ON K1P 5E7 (tel. 613-236-2664; website: [www.community-fdn.ca](http://www.community-fdn.ca)) publishes an occasional newsletter; manuals; etc.

The quickest and most accessible consultation is likely to come from nearby community foundations. In the province of British Columbia alone, there are 20 such groups, some in small cities and towns, for example:

- Vernon (Vernon and District Foundation, 250-542-7503);
- Port Alberni (Alberni Valley Community Foundation, 250-724-4503);
- Kamloops (Kamloops Foundation, 250-554-5072);
- The recently organized Revelstoke Community Foundation (250-837-5345) can be expected to be especially relevant to its CED context.

In Vancouver there are two:

- The VanCity Community Foundation (604-877-7553), an offshoot of the VanCity Credit Union, is especially active in CED projects. It focusses on the general region of Vancouver.

## *Tools & Techniques*

Its endowment has been pretty much limited to contributions from VanCity and its members. Of note is that the Foundation has provided grants, loans, and technical assistance to nonprofit groups, social housing, and community-based nonprofit businesses.

- The Vancouver Foundation (604-688-4170) concentrates of course on the city, but it offers grants throughout the province and is probably more active in CED than the small foundations.

### ***Publications***

Karin E. Tice, Community Foundations Serving Rural Areas,” *Rural Research Report* (1996) vol. 8, no. 1. Published by the Illinois Institute for Rural Affairs, Western Illinois University, Macomb, IL 61455.