

# WHAT IS A COMMUNITY FOUNDATION?

People often want the “elevator pitch” to explain a community foundation because we’re all familiar with single purpose charities who can explain their mission in one meaningful sentence. It’s a bit more complex for community foundations!

All community foundations can confidently say that we exist to improve the quality of life in our community today and forever. That’s a very general statement, and even if that goal is understood the next question of “how?” gets more complicated.

## HOW DO COMMUNITY FOUNDATIONS AND DONORS WORK TOGETHER?

While there are many stakeholders in the community foundation world, here are some key messages with an individual donor in mind. This is a sequence that has worked well, and seems to generate enough interest to go further in the conversation:

**A community foundation is a registered charity and independent public foundation.**

There are two aspects to a community foundation:

### 1. Donors set up personal charitable funds so that their giving can be organized simply, in one place

- Community foundations take care of all of the administrative work so donors focus only on their charitable interests and desired community impact.
- Donors can give to any registered Canadian charity from their fund.
- When donors want guidance, the community foundation can use their deep knowledge of the community to connect them to charitable organizations in their areas of interest.

### 2. Community foundations have their own funds contributed to by generous donors

- These funds are used to support the greatest needs and priorities in the community.
- The community foundation has a deep understanding of community issues and charitable organizations in every sector — the arts, environment, education, health, recreation and more.
- Typically the organization’s assets are invested for the long term, so only a portion of the fund is distributed every year. That way, we’re building for the future as well as having immediate impact.



*“Community foundations exist to improve the quality of life in our community today and forever.”*



## THE WAY DONORS GIVE IS TAILORED TO THEIR NEEDS

Community foundations offer a range of options tailored to the donor's needs, their charitable interests, their impact timeline and their desired degree of involvement:

### 1. Donors give an unrestricted gift to a foundation's community fund

- In this case the community foundation makes decisions about how to allocate distributions from the fund towards the greatest needs and priorities.

### 2. Donors establish their own fund

- In this case donors set up a fund in their name or the name of someone they wish to honour, similar to a family foundation. Assets are pooled alongside others at the community foundation and invested professionally.
- Donors can choose to distribute grants to any registered Canadian charity or seek assistance from the community foundation for more giving ideas.

### 3. Donors contribute to an existing fund

- There are a number of existing charitable funds already set up at community foundations that anyone can contribute to at any time. Proceeds from the fund are used to support the area of need outlined in that particular fund chosen.

## HOW ENDOWED GIVING WORKS

People with a philanthropic desire to give back to their community make a contribution to a community foundation. Then what happens?

### Contributions are pooled and invested

- The pooled investment grows through careful stewardship
- Income is generated and used to make grants, as directed by the donor
- Community foundations make sure donor wishes are fulfilled every year, now and forever

### Endowment allows for continuous growth and giving

- Since the profit on the original investment is granted out to charities, it allows for continuous growth and giving, year after year from the original gift

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**COMMUNITY  
FOUNDATIONS  
OF CANADA**

Community Foundations of Canada is the national network for Canada's 191 community foundations.

Together we are a philanthropic movement working across sectors to help Canadians invest in building strong and resilient communities.

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## BRING THE CONVERSATION TO LIFE

There's no need to apologize that we have a rich story to tell. And there are ways to talk about that story without needing an elevator ride to the penthouse. To follow up with someone who is intrigued by what a community foundation can do, perhaps suggest that they watch some local foundation videos.

### Video links that explain the work of community foundations:

[Community Foundation of Greater Peterborough](#)

[Hamilton Community Foundation](#)

[Napa Valley Community Foundation](#)

[Generic "What is a Community Foundation"? video](#)