COMMUNITY FOUNDATIONS

An Introductory Report
on
International Experience
and Irish Potential

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# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREWORD</td>
<td>iii</td>
</tr>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>vii</td>
</tr>
<tr>
<td>PART ONE</td>
<td></td>
</tr>
<tr>
<td><strong>INTERNATIONAL EXPERIENCE</strong></td>
<td></td>
</tr>
<tr>
<td>I  Introduction</td>
<td>3</td>
</tr>
<tr>
<td>II Background to the study</td>
<td>4</td>
</tr>
<tr>
<td>III Some observations and conclusions</td>
<td>6</td>
</tr>
<tr>
<td>IV The community foundation concept - how it works</td>
<td>10</td>
</tr>
<tr>
<td>V Funding impact on the voluntary sector</td>
<td>14</td>
</tr>
<tr>
<td>VI Legal framework and governance</td>
<td>16</td>
</tr>
<tr>
<td>VII The local environment</td>
<td>20</td>
</tr>
<tr>
<td>VIII The legal and fiscal environment</td>
<td>23</td>
</tr>
<tr>
<td>IX The impact of challenge grants</td>
<td>25</td>
</tr>
<tr>
<td>X Start up and initial operating costs</td>
<td>27</td>
</tr>
<tr>
<td>Appendices:</td>
<td></td>
</tr>
<tr>
<td>A. Glossary</td>
<td>28</td>
</tr>
<tr>
<td>B. List of written materials</td>
<td>31</td>
</tr>
<tr>
<td>C. Description of organisations participating in the study</td>
<td>33</td>
</tr>
<tr>
<td>PART TWO</td>
<td></td>
</tr>
<tr>
<td><strong>THE POTENTIAL IN IRELAND</strong></td>
<td>37</td>
</tr>
<tr>
<td>I  Introduction</td>
<td>39</td>
</tr>
<tr>
<td>II Background to the study</td>
<td>40</td>
</tr>
<tr>
<td>III Conclusions and recommendations</td>
<td>42</td>
</tr>
<tr>
<td>IV Current funding patterns</td>
<td>46</td>
</tr>
<tr>
<td>V Donor criteria</td>
<td>51</td>
</tr>
<tr>
<td>VI Fiscal and legislative issues</td>
<td>56</td>
</tr>
<tr>
<td>VII General considerations</td>
<td>58</td>
</tr>
<tr>
<td>VIII Locating the first foundation</td>
<td>62</td>
</tr>
<tr>
<td>Appendices:</td>
<td></td>
</tr>
<tr>
<td>A. Questionnaire to media commentators</td>
<td>63</td>
</tr>
<tr>
<td>B. List of interviewees</td>
<td>64</td>
</tr>
<tr>
<td>C. Bibliography</td>
<td>66</td>
</tr>
</tbody>
</table>
Background

One of the key tasks of the Combat Poverty Agency is to encourage the development of the community and voluntary sector as a key actor in anti-poverty work. In doing this the Agency is particularly concerned to foster a strong framework of support that can provide the sector with the training, information, advice and resources it needs to operate effectively. In relation to resources there has been a very significant and welcome increase in recent years in the amount of government and EU resources available to support voluntary and community activity. The Agency has played a key role since it was established in 1986 in arguing for this increased state support for the sector. At the same time the Agency has also been conscious that, compared to many other countries, the amount of private funding available to voluntary and community organisations has been quite limited. In particular, while there has always been a strong tradition of individual donations to charities, the extent of financial support from the private sector and wealthy individuals and the development of charitable foundations and trusts has been very limited. There are many economic and historical reasons why this has been the case. However, the Agency recognises that, with the rapid growth in the Irish economy and the increased wealth that this is generating, now is an opportune moment to explore ways in which support from the private sector might complement the growth in state and EU funding and in particular to examine the potential for charitable foundations in Ireland. In developing its thinking in this area the Agency has been aware of the work of a small number of indigenous foundations and a number of international foundations with which the Agency has worked over the years. They have demonstrated the significant contribution that foundations can make in supporting and encouraging new and innovative work and work with unpopular and unfashionable causes by the voluntary and community sector.

One particular model or mechanism that is becoming increasingly common internationally as a means of channeling private sector funding in support of charitable activity is that of a community trust or foundation. An example of such a body is the Northern Ireland Voluntary Trust, which has been in existence since 1979. In addition to its own knowledge of these international developments the Agency has become aware that a number of people involved in the world of foundations and private sector philanthropy are interested in the possibility of promoting the development of community foundations in Ireland.

The Combat Poverty Agency Study

In this context the Agency decided it would be worthwhile to examine the potential of community trusts in Ireland. With support from The Irish American Partnership the Agency commissioned John Everett of Smith Everett and Associates to undertake a two part study. Part One examines the development of community foundations internationally and Part Two analyses the potential for the introduction of this model in Ireland.

The study is driven from a donor perspective, since there has been little to no work undertaken in this area in Ireland. The Agency acknowledges John Everett's knowledge in this area and welcomes his contribution to the debate on the potential role of community foundations in Ireland and the production of this report for the Agency. While the Agency believes that this study makes an important contribution to our knowledge on the conditions necessary for a community foundation in Ireland, it recognises that this is only one cog in a larger wheel. The views of the community and voluntary sector would be critical in the establishment of a community foundation in Ireland, the role of the State
needs to be clearly identified and the role of philanthropy in Ireland in general warrants further consideration.

The Agency is now publishing John Everett's report in order to provide more information about community foundations and to stimulate a wider debate about their potential in Ireland.

Policy Context

In publishing the report the Agency is conscious that the issue of community trusts or foundations is very much on the policy agenda at this time and thus feels that a more informed debate about their potential at this stage would be helpful. This is particularly the case as the Government's Green Paper, Supporting Voluntary Activity, drawing heavily on an earlier draft of the Everett report, raises the question of community trusts. Furthermore, in the December 1997 Budget the Government specifically made provision for an initial sum of £750,000 to a Community Trust Challenge Fund. In addition to these developments there has been a growing discussion in the border counties about the potential for developing a community trust, perhaps on a cross-border basis, to give a long-term basis to the work that is currently being promoted under the EU Special Support Programme for Peace and Reconciliation.

The Agency is also very conscious that while it is useful to learn from international experience it is also important to be very careful about importing an external model into a different national context. The development of foundations in general and community foundations in particular will only be helpful if it happens in a way that builds on and adds to the existing range of supports for the voluntary and community sector. Above all foundations should not be seen as a substitute for government or EU funding but rather as complementary and as a means of further broadening the funding base for the voluntary and community sector.

The Agency suggests that there are a number of considerations that should be kept to the forefront in considering the best way forward for the development of community foundations in Ireland. These have been identified as potential benefits and cautions.

Benefits of Community Foundations

The potential benefits are seen as:

- the value of creating a permanent endowment which would capture some of the benefits of the “tiger economy” and invest wealth being generated today into a long-term resource to address future needs;
- the benefit of creating a mechanism which could assist businesses and wealthy individuals to develop more effective and better informed giving programmes and could help them to maximise the benefits of philanthropy;

• the need to fill the gap that currently exists in independent funding which is available to encourage new and innovative actions by the voluntary and community sector;

• community foundations can be used as a mechanism to attract money for funding community and voluntary activities;

• community foundations can fund activities which may not necessarily be funded by the State; and

• community foundation funding is not usually time-limited. In the form of a permanent endowment, funding can be provided on a developmental and continual basis.

Cautions

However, there are a number of issues worthy of further consideration in the establishment of community trusts. These have been identified as:

• the need to avoid creating something which will be seen as a substitute for the core funding of voluntary and community activity or service provision that is the responsibility of government;

• the need to generate new money rather than become a mechanism for redirecting existing funding raised by charities;

• the importance of developing structures that are seen as being open, accountable and objective in the assessment of needs and priorities;

• the need to take account of what already exists in Ireland such as People in Need, the Ireland Funds, the Enterprise Trust, area based partnerships etc. and not to duplicate their roles;

• the need to ensure balance in the tax implications of promoting community foundations. While it is recognised that a facilitative tax system, using tax reliefs is required to encourage funding from private sources this needs to be weighed against the cost to the state of tax breaks and introducing regressive elements into the tax system;

• the need to be careful that the introduction of community foundations does not reinforce income inequalities; and

• the potential ethical considerations of some business funding.

The Combat Poverty Agency would like to thank John Everett for all the work he undertook in producing this report. He has collated a lot of very valuable information on the international experience of community foundations and has provided a stimulating critique of their potential in Ireland. His report should be valuable reading for policy makers, the private sector and the voluntary and community sector and should make an important contribution to the developing debate on the establishment of community trusts in Ireland.
Our thanks are also due to all those who assisted in his research and particularly the generous help given by people involved in developing community foundations internationally. A special word of thanks is due to The Irish American Partnership for co-funding this research and for all the help and guidance the Agency received from their associates in developing this project.

Conclusion

The Agency is conscious that community trusts or foundations are only one means of encouraging increased support for voluntary and community activity by the private sector. It will shortly be commissioning further research into other models that have been developed internationally in order to further inform debate and policy development here in Ireland.

Combat Poverty Agency
May 1998
Executive Summary
COMMUNITY FOUNDATIONS

Community foundations or trusts are the fastest growing form of charity in the United States and particularly over the past two decades numerous community foundations have been established in Canada, the United Kingdom, Australia, New Zealand and in such disparate locations as Japan and Bulgaria.

Essentially a community foundation is a charitable organisation that exists to build a permanent endowment fund that will provide financial and other resources to meet a specific community's needs through six co-ordinated functions:

- fund-raising;
- grant-making;
- donor advising;
- convening;
- mentoring; and
- researching.

THE STUDY

Recognising that community foundations may offer a valuable new form of charity for Ireland, the Combat Poverty Agency commissioned a two phase study to:

- firstly, review the development of community foundations internationally; and
- secondly, analyse the potential for the introduction of community foundations in Ireland - taking into account both the particular characteristics of the Irish context into which they would be introduced and the lessons learned about these entities in the first phase.

STUDY PHASE ONE - THE INTERNATIONAL EXPERIENCE

The first phase of the study identifies a number of characteristics that differentiate community foundations from other charities and make them uniquely valuable to the communities they serve.

Community foundations can be differentiated from other charities in a number of respects:

- they serve both the donor and the donee;
- they build a permanent endowment; and
- they generate increasing resources to meet a community's current and changing needs.
The unique value of community foundations to the communities they serve derives from their proven track record of:

- providing new money to the voluntary sector;
- more effectively raising and distributing charitable contributions than traditional issue-specific charities; and
- providing co-ordination and leadership with respect to important community issues.

Because the ultimate objective of the study was to determine whether or not it would be feasible to introduce community foundations to Ireland, the first phase of the study examines some general societal characteristics that were considered relevant to community foundations in the countries where they currently exist (essentially legal structures and fiscal policies) and the specific conditions present in communities where they have been established successfully.

With respect to legal structures, it is clear that no particular legal regime is a “sine qua non” in terms of the establishment and growth of a community foundation; but flexible legislation with respect to charitable activities and the investment of endowment assets and legislative requirements for public accountability with respect to charities are helpful, while favourable tax law is particularly important.

A government fiscal policy that embraces the community foundation as a localised funding distributor is obviously helpful, but by the same token a fiscal policy of withdrawal of financial support for important community issues creates a funding gap that indirectly fosters the growth of community foundations.

At the level of specific communities a number of characteristics, factors and activities were shown to impact on the successful establishment of community foundations.

The successful establishment of a community foundation requires at least some of the following factors:

- a shared sense of community;
- the existence of particular community needs that are most effectively addressed by the establishment of a community foundation;
- a viable economic base and an existing tradition of philanthropy;
- the presence of a benevolent sponsoring institution; and
- an element of charisma among the initial board’s leadership.

It takes time to develop a community foundation and potential founders need to provide sufficient resources to meet the requisite start-up and operating costs for the first several years of the foundation’s existence.

Challenge grants through which initial local fund-raising is matched by funds from
outside the community have played an important part in the development of the community foundation movement in a number of locations internationally.

STUDY PHASE TWO - THE POTENTIAL IN IRELAND

While a number of valuable lessons were learned in the first phase of the study, which should be taken into account in any attempt to establish community foundations in Ireland; it is also critical to carefully consider the existing Irish context into which these entities will be introduced.

The second phase of the study examines both the current funding patterns that prevail within the voluntary sector in Ireland and the apparent criteria that donors apply when making contributions. This examination identifies a number of characteristics that will have implications for the introduction of community foundations.

Most voluntary organisations are highly reliant on two funding sources - government grants and small donations from individuals. Accessing money from businesses and securing sizeable donations from wealthy individuals requires a dedication of resources that very few organisations are able to manage.

A good deal of the government money currently on offer is generated by the EU and there is a common perception that the level of this funding will diminish after the year 2000. Hence, there will very likely be a funding gap emerging in the first decade of the 21st century and community foundations may well be one effective mechanism for making up for this anticipated loss of funding.

Because government funding is usually allocated on the basis of implementing existing government policy, there is another potential gap in current and anticipated funding patterns, which community foundations might fill in Ireland. This is the need to fund non-mainstream and experimental activities and organisations that traditionally find it difficult to attract governmental support in the early stages of their development. In other countries community foundations have deliberately sought out and nurtured these voluntary efforts and very often these associations have proven highly successful for both parties.

The historical absence of significant individual philanthropy in Ireland is an important characteristic that has serious funding implications for all charities. For community foundations this phenomenon is double edged. On the one hand, substantial individual donations have been a driving force in the community foundation movement elsewhere - many personal foundations have been folded into community foundations and two large personal foundations in the U.S., the Ford Foundation and the C. S. Mott Foundation, have made very generous contributions to encourage the further development of the community foundation movement. On the other hand, community foundations, because of their very nature, could prove to be an effective mechanism for generating a greater incidence of substantial individual philanthropy in Ireland.

Another aspect of current funding patterns that indicates a need and potential role for community foundations is the almost total absence of endowment
building/funding. This is a core role of community foundations - albeit a challenging one - and only a few organisations in Ireland have taken initial, tentative steps in this funding direction.

The difficulty of building an endowment is confirmed by another set of findings in this phase of the study - that Irish individuals give to causes with which they can identify through personal life experience, and that they are most predisposed to contribute to "bricks and mortar", particularly for health related projects. Hence, any effort to establish a community foundation will need to incorporate some tangible results - possibly utilising "pass through" funding - during the early years of endowment building in order to maintain the new organisation’s credibility and momentum.

In addition to the relative absence of domestic foundations and the modest level of significant contributions by wealthy individuals, one other finding in the examination of current funding patterns was particularly noteworthy - the role of private international donors. Numerous wealthy and not-so-wealthy persons throughout the world contribute to voluntary sector organisations and efforts in Ireland. Further, in addition to the International Fund For Ireland - which is a conduit for a number of friendly governments to help address the community divide in Northern Ireland, three private international foundations in particular source funds outside Ireland to make grants in Ireland.

There are two potential implications for community foundations in this last finding. First, it could be argued that in the case of Ireland the community foundation theme of "raising money in the community for the community" is actually already occurring, as long as the "community" on the fund-raising side is defined as a community of interest or ethnicity, while the "community" on the grant distribution side is defined as the geographical place Ireland. Taken to its ultimate conclusion, this argument would suggest that one way to introduce community foundations to Ireland would be to encourage one or more of these existing foundations to simply become engaged in fund-raising in Ireland.

A second potential implication following from the activities of these existing foundations (and one that is more consistent with the international experience) would be to secure the commitment of one or more of the foundations to act as the "benevolent guarantor" (as described in the first phase of the study) in the development of one or more community foundations in Ireland.

The second phase of the study also considers the implications of Irish legal practices and structures vis-à-vis community foundations. The one significant finding in this regard is that current tax legislation lacks any encouragement or support for individuals or businesses to contribute to charities like community foundations. Hence, a major concern of potential promoters would be to join with other voluntary sector organisations to lobby for changes to existing tax legislation.

This phase also examines a number of other characteristics of the Irish context that, while they do not readily fit under the topic headings employed in the first phase of the study and may at first seem rather general in nature, do have significant implications for the introduction of community foundations here. They include size, place, notice, space and time.
The characteristics of size and place taken together will have an influence on the geographical base for community foundations in Ireland. Essentially, the geographical areas in Ireland that most persons would identify with, in the same way that residents of areas that are served by a community foundation in the countries examined in the first phase of the study, are too small in terms of population and economic base to support a community foundation. In fact, Ireland as a whole could serve as the geographical area for a single community foundation based on the size of population, economic base and geographical extent of a number of community foundations in these countries.

The idea of notice, or more accurately the avoidance of same, is a theme that cropped up repeatedly in the interviews conducted in this phase. Both individuals and businesses in Ireland prefer to conduct their charitable giving anonymously. Again, this characteristic poses conflicting implications for community foundations. It would appear that one major vehicle for building community foundation endowments internationally, i.e. the creation of "named funds", may not be as successful in Ireland. However, if the community foundation is seen as a vehicle through which anonymous donations can be effectively channelled to one's own community, this vehicle may have a special appeal to potential Irish donors.

The characteristic of space arose in the context of whether there is "room" for community foundations, given that the Irish voluntary sector is already crowded with organisations actively engaged in fund-raising. The consensus among both representative fund-raisers and representative donors is that, if community foundations actually can bring new money to the table and particularly if they can succeed in endowment building, sufficient space will be available for them to grow.

Time was a theme that was discussed in almost every interview. And it was discussed in a number of different aspects...Ireland is still a young country...it often takes two or more generations to accumulate sufficient wealth for a family to make substantial donations...society and indigenous industry are at this particular point in time changing radically and rapidly...we'll not be EU beneficiaries much longer. The general, and highly subjective, impression given by these and other comments is that the right "climate" has just about developed in terms of the necessary conditions identified in the first phase of the study for the introduction of the community foundation model to Ireland.

Finally, the study suggests two possible geographical bases for the establishment of an initial foundation. The first priority is given to establishing an all-Ireland community foundation, that will accommodate unlimited sub-area concentrations within its operations. This suggested option reflects the success of existing charitable organisations such as the three international foundations mentioned above and the People In Need Foundation that operates on this model already.

If a smaller geographical location/population base is to serve as a prototype the second option is that four locations, Dublin, Cork, Galway and Limerick, meet most of the criteria identified by the CS Mott Foundation as necessary for the establishment of community foundations.
PART ONE

INTERNATIONAL EXPERIENCE
I Introduction

1.1 Community foundations or trusts are the fastest growing form of charity in the United States, where there are now over 400 such organisations. In the past two decades approximately two dozen community foundations have been established in the United Kingdom. Canada has 70 community foundations, Australia and New Zealand have community foundations and, in as disparate locations as Japan and Bulgaria, community leaders are in the early stages of establishing foundations.

1.2 Essentially a community foundation is a charitable organisation that exists to build a permanent endowment fund that will provide financial and other resources to meet a particular community's needs through six co-ordinated functions:

- fund-raising;
- grant-making;
- donor-advising;
- convening;
- mentoring; and
- researching.

1.3 One characteristic of community foundations that distinguishes them from other charities is that the organisation’s mission is to serve both the voluntary sector organisations to whom grants are distributed and the individuals, organisations and government entities that desire to make donations to meet local needs.

1.4 In January 1995 the Combat Poverty Agency with support funding from The Irish American Partnership commissioned a study of the development of community foundations internationally as a first step to analysing the potential for the introduction of community foundations in the Republic of Ireland.

1.5 This report sets out the study findings and submits a number of observations that should prove helpful in the analysis of the potential for establishing one or more community foundations in the Republic.
II Background to the Study

THE COMMUNITY FOUNDATION MOVEMENT

2.1 Since the first community foundation was established in 1914 in Cleveland, Ohio in the United States, this vehicle for localised and organised fund raising and grant giving for charitable purposes has grown dramatically in terms of assets, numbers, geographical extent and impact on the voluntary sector throughout the English speaking world.

2.2 During the eight decades following the creation of the first foundation, community after community in the United States adopted the model and today a vibrant national “movement” exists consisting of over four hundred foundations. However, it is important to understand that this growth did not occur at a steady constant pace. Rather, the greatest growth has occurred during the past two decades - for reasons discussed in Sections IV and VIII.

2.3 The concept was internationally transplanted first to Canada and then during the 1980s to the United Kingdom. An analogous entity developed in Australia over the past thirty years and has also linked into what is now a truly international movement.

2.4 In 1979 the Northern Ireland Voluntary Trust (NIVT) was established to creatively address community needs in Northern Ireland. The NIVT has enjoyed strong government and private sector support and now plays an important role in raising funds and making grants to voluntary agencies throughout its catchment area. While its origins differ from other international models the NIVT is today a well respected member of the international movement.

2.5 During the past decade community foundations have been established in non English speaking societies in South America, Japan and Europe.

2.6 As the original US model has been transplanted to other parts of the world, it has also been adapted to achieve an acceptable “fit” within each new culture and society. For instance, historically the US model (although there are signs of change in recent years) has reflected the fact that a community foundation is very much a purely private sector entity with the board typically dominated by well connected business and professional people. On the other hand in the UK there has from the outset been more of a sense that the community foundation is a joint endeavour of private sector, public sector and voluntary sector interests.

2.7 Indeed, several persons interviewed in the US indicated that an element of cross-fertilisation is now occurring with US community foundations looking to their counterparts elsewhere in the world for fresh ideas and alternative approaches.

2.8 The fact that community foundations have successfully fulfilled the role described in paragraph 1.2 is demonstrated not only in a number of specific programme and organisational evaluations but also in the support that individual foundations and the movement as a whole have received from such major philanthropic entities as the C. S. Mott Foundation, the Ford Foundation and the Kellogg Foundation, to name just a few.

TERMS OF REFERENCE FOR THE STUDY

2.9 In January 1995 the Combat Poverty Agency commissioned a study of the
development of community foundations in North America, Australia and the United Kingdom in order to analyse this entity in terms of its basic potential for improving a specific community's quality of life and also its potential for possible introduction to the Republic.

2.10 This study forms the first phase of a three stage process that will, when concluded, provide a detailed business plan for the establishment of one or more community foundations in Ireland. Once the results of this study have been considered, the Agency anticipates that it will next commission a detailed study of the applicability of the various elements of a community foundation to an Irish context. In that study a parallel examination will be carried out of the unique Irish characteristics that may require modification of the model in order to achieve successful transplantation here.

2.11 The terms of reference applicable to the first phase study are:

- to identify the different models of community trusts currently operating in the US and the United Kingdom;
- to examine the role community trusts have played in funding the work of the voluntary sector;
- to identify the optimum legal framework and governance of community trusts;
- to advise on matters such as optimum geographic area and population size necessary to support a community trust;
- to research the legal and fiscal environment that assists community trusts to be most effective;
- to examine the impact of a challenge grant as a means of establishing an endowment fund;
- to identify the start up and initial operational costs of a community trust.

STUDY METHODOLOGY

2.12 The first step was to develop written enquiries for key personnel in the national organisations in Australia, North America and the United Kingdom. The written enquiries were then followed up with previously scheduled telephone interviews and these in turn resulted in the acquisition of a substantial body of written materials from these organisations that have been reviewed in detail.

2.13 Recommendations by the various national organisations helped identify twelve individual foundations that were reviewed through a similar process of written enquiry, scheduled telephone interview or site visit and review of subsequently forwarded written information.

2.14 In addition personnel at the C.S. Mott Foundation and Rainbow Research were interviewed and materials from each organisation were considered. The Mott Foundation has provided significant support both to individual foundations and to the movement as a whole, particularly over the past decade. As a part of its support process, it has also carried out a series of evaluations. Rainbow Research has evaluated numerous community foundation programmes in the United States and provided advice and assistance to foundations in the United Kingdom and Bulgaria.

2.15 In follow up to each interview a written memorandum documenting the discussion was prepared and submitted to the person or persons interviewed to confirm that the information provided was accurately and completely understood.

2.16 Appendix C lists the documentation reviewed in the course of this study and Appendix C provides a brief description of each organisation that participated in the study.

2.17 A copy of the final draft of this report was submitted to one reviewer each in the United Kingdom and United States to obtain comment and ensure accuracy.
III Some Observations and Conclusions

Observations and Conclusions

3.1 As indicated in Section II the study methodology has involved asking questions, listening to answers and reading a wealth of written documentation. It did not involve direct analysis of the operations of the community foundations studied. Nevertheless, while the study methodology lends itself primarily to a series of observations about community foundations and their operations, certain inescapable conclusions can also be derived from the information that has been provided.

3.2 Community foundations, over time, improve the quality of life in the communities they serve by:

- providing new money to the voluntary sector;
- more effectively raising and distributing charitable contributions; and
- providing co-ordination and leadership with respect to important community issues.

3.3 Community foundations are particularly valuable organisations to their communities because:

- they serve both the donor and the beneficiary;
- they build a permanent endowment; and
- they generate increasing resources to meet current and changing needs.

3.4 The successful establishment of a community foundation requires at least some of the following factors:

- a shared sense of community;
- the existence of particular community needs that are most effectively addressed by the establishment of a community foundation;
- the presence of a benevolent sponsoring institution; and
- an element of charisma among the initial board's leadership.

3.5 No particular legal regime is a "sine qua non" in terms of the establishment and growth of a community foundation; however flexible legislation with respect to charitable activities and the investment of endowment assets, favourable tax legislation and legislative requirements for public accountability are all helpful.

3.6 A government fiscal policy that embraces the community foundation as a localised funding distributor is obviously helpful, but by the same token a fiscal policy of withdrawal of funding for important community issues also indirectly fosters the growth of community foundations.

3.7 Challenge grants have played an important part in the development of the community foundation movement.

3.8 It takes time to develop a community foundation and potential founders need to provide sufficient resources to meet the requisite start up and operating costs for the first several years of the foundation's existence.

3.9 Within each of the areas covered under the terms of reference that are discussed in the following Sections of this document, a number of specific observations and conclusions also arise.

Different Models of Community Foundations

3.10 While existing models of community foundations have served well up to this
point in time, there has been an evolution in the "preferred" model from charitable trust to charitable limited company. Based on recent experience, for instance the establishment of a large US investment fund that distributes its income in the form of community grants and the suggestion in Central Europe that community foundations there will receive their funding from wholly owned profit making businesses, it is reasonable to expect that new models of community foundations will continue to evolve over time and in different environments.

THE CORE CONCEPT

3.11 An important issue cited by many of the persons interviewed is the need for the community foundation’s leadership to achieve the correct balance between the amount of effort directed to fund-raising versus the amount of effort directed to grant-making.

3.12 A distinction can clearly be made between grant-making and grant-giving with the former involving a much more pro-active process of identifying needs and seeking out and then enabling community organisations to utilise the grant money available and the latter term describing a more passive activity of simply responding to “unnurtured” requests.

3.13 The concepts of endowment and permanence are difficult to focus on and communicate to prospective donors in the early years of a foundation’s existence. There appears to be a need to “do something” in the way of grants to gain community credibility that to a certain extent represents a distraction from the nitty gritty of raising the all important endowment.

3.14 Some people think that an important feature of a community foundation is that it involves “raising money from our own” to meet “our own needs”. Another similar concept is that the community found-

ation is an important mechanism for keeping wealth that was created in the community within the community.

3.15 The community foundation also provides a forum for a community to develop a strategic, co-ordinated approach to dealing with important community issues.

THE FUNDING IMPACT ON THE VOLUNTARY SECTOR

3.16 Both board and staff of the community foundations studied demonstrated a real sensitivity to the need to build bridges, bring people together and help voluntary agencies access a finite amount of financial resources. A number of foundations have adopted fund raising policies that are deliberately structured to avoid competition with the fund-raising efforts of the voluntary agencies in their community.

3.17 There is an important distinction between community foundations and the voluntary organisations to whom they provide funding. Voluntary organisations exist to meet a specific need and as a consequence have to raise funds. Community foundations exist to raise money that is then allocated to meet community needs.

3.18 A strong community foundation will enhance the ability of voluntary agencies to raise and manage their own dedicated endowments.

LEGAL FRAMEWORK AND GOVERNANCE

3.19 The perfect balance in board make-up between well connected people in terms of fund raising and well informed people in terms of understanding real community needs is a challenge. Interestingly, persons interviewed from boards that appeared to be tilted towards the people with access to potential donors expressed concerns about greater community based representation, while persons from boards with a tilt in the
other direction spoke about the need for a greater representation from “heavyweights” who could access potential donors.

3.20 There is an impression created both from interviews and from the written materials that the key people involved in community foundations have a definite fixation with keeping staff and administrative expenses as low as possible.

3.21 In spite of the preceding observation, senior staff display an extraordinarily high degree of morale. Not a single negative comment occurred during many hours of interviews. There were a few questioning comments, but even these occurred in the context of identifying ways to improve the organisation’s effectiveness.

THE LOCAL ENVIRONMENT

3.22 The attraction of a few key individuals to the “cause” at the very outset appears to be the most important single determinant of success for a new foundation. Comments like “you’ve got to get the right people involved and committed from day one” came up time and again. In at least two instances, this was negatively stated, i.e. success was unduly delayed by the failure to include true community leaders from inception.

3.23 A number of people commented that the larger the initial geographical and population base - as long as the sense of community was not totally lost - the greater the potential for success. It was also pointed out that it is easier to hive off a part of the foundation’s area into an affiliate organisation or an independent foundation than it is to annex an existing unsuccessful foundation.

3.24 Geography appears to have more importance to individual donors than to corporate donors. Several interviewees agreed that individual donors are much more concerned about giving to “their” community, while corporate giving is often a localised element of a national corporate programme.

THE LEGAL AND FISCAL ENVIRONMENT

3.25 Legislation - particularly in the area of taxation - can encourage or inhibit the development of community foundations. The movement recognises this factor and is becoming more and more sophisticated about influencing legislation.

3.26 Government cutbacks are forcing many community foundations to rethink their previous positions of not providing replacement funding for projects that have been historically funded by government.

3.27 In Ontario, Canada the government is actually providing once-off endowment funding through community foundations to support the future operating costs of voluntary agencies that have historically received direct government subsidies.

CHALLENGE GRANTS

3.28 Aside from everything else that can be said about challenge grants, they create a sense of urgency and excitement. They also provide focus and a sense of purpose.

3.29 A number of persons also stated that the receipt of a challenge grant provides a new community foundation with a certain degree of credibility in its approach to potential donors.

START UP AND INITIAL OPERATING COSTS

3.30 It is a worthwhile effort to obtain funding at the outset to cover these costs from day one through year three.
MISCELLANEOUS

3.31 There is now a very experienced international support network and growing body of literature available to persons and organisations considering the establishment of new community foundations.

3.32 Unless a community foundation receives substantial "pass through" funding in its early years, the actual size of its individual grants will be quite modest, seldom exceeding a four figure amount.

3.33 While the vast majority of the grants that community foundations make are indeed modest - three and four figure amounts - the impact of these grants is often far greater than the size of the grant might lead one to expect. There are a number of reasons why this is the case including the nature of the recipient, the leverage created by the grant and the credibility attaching to community foundation funding.
IV The Community Foundation Concept - How it Works

THE CORE CONCEPT

4.1 A community foundation is a charitable organisation that exists to build a permanent endowment fund that will provide financial resources to meet a particular community's needs. Within this statement the critical terms are:

- community;
- endowment fund;
- permanent; and
- needs.

4.2 While a community may be described in terms of its geographical area and its population base, it is defined by a shared perception of individuals, groups and institutions that they are members of a common and distinct community.

4.3 The effort required to build an endowment fund is seen as worthwhile, because over time the fund will become a unique and powerful community resource. Further, the level of ongoing activity required to raise funds that are immediately expended should remain level or even increase over time; whereas the effort required to generate meaningful incremental growth by an endowment fund should diminish over time.

4.4 The aspect of permanence is particularly important to a community foundation, because a desirable and significant source of endowment funding, i.e. bequests and life time donations by individuals who want to "return something" to their community appears to grow significantly once the foundation can demonstrate that it will be a permanent entity.

4.5 As a community foundation grows in size and matures in age the fact that raising money is only one half of its activity equation becomes more and more apparent. The other half of the activity equation, the prioritised distribution of the income generated by the endowment in a manner that achieves the maximum net benefit to the community, takes time to evolve, but it does eventually become the driving force of the organisation. As a consequence a key role of the foundation is to identify, understand, assess and prioritise community needs.

ANCILLARY ROLES

4.6 In order to fulfil the primary mission described above, a community foundation needs to develop certain skills and resources and engage in various intermediate activities that in a sense propel it into a number of ancillary roles. While these roles may be considered ancillary to the foundation's core mission, they can be quite significant in their own right to the community. Indeed a number of persons interviewed expressed the opinion that in many situations the ancillary roles played by community foundations were as important as, if not more so, than the grant making role. These various ancillary roles include:

- manager;
- conduit;
- mentor;
- researcher; and
- community leader.

4.7 The administration and management infrastructure of a community foundation can and often is utilised by private charitable trusts to more efficiently deliver grants to target recipients. These efficiencies consist of both reduced administrative costs and more professional, thorough grant making policies and procedures.
4.8 The community foundation can also serve as a conduit for government or national grant makers at the local level. This role arises out of the recognition by these funding sources that the foundation's in-depth knowledge of the local scene - which is built up as a consequence of its core mission - can be employed to direct funds to the most appropriate recipients. One particularly illustrative example is the use of the Northern Ireland Voluntary Trust by the European Union to distribute several million pounds of structural funds allocated for community development in Northern Ireland up to the year 2000.

4.9 A community foundation can also serve as a provider of significant non-financial resources to the voluntary organisations with which it works - particularly the smaller and newer ones. This non-financial contribution can occur "accidentally" i.e. the grant application and monitoring processes encourage focus, discipline and analysis on the part of these organisations and "deliberately", i.e. when the community foundation assumes a pro-active role of mentoring community based organisations.

4.10 Particularly in the US where community foundations have long since achieved sufficient critical mass both in assets and professional staff, community foundations are conducting important original research on existing and emerging community issues.

4.11 Assuming that a foundation establishes and maintains its own institutional independence and earns sufficient prominence within the community as a consequence of its activities, it can also assume a leadership role with respect to specific issues and with respect to the interaction of organisations within the voluntary sector and the interaction of the voluntary sector as a whole with government and business. More and more often it is the community foundation that acts as the convener of various interest groups around critical community issues.

AN OPERATING MODEL - THE GRANT MAKING SIDE OF THE EQUATION

4.12 A community foundation is normally constituted as a perpetual trust or a company limited by guarantee whose purpose is charitable and whose activities are governed by a board of trustees or directors and implemented by a relatively small professional staff, supplemented where necessary by volunteers. The typical staffing pattern is quite modest:

- a director;
- a grants administrator;
- a fund raiser (also PRO);
- a financial controller; and
- a support person.

4.13 Normally the full board delegates various specific functions to smaller sub-committees, which in turn may or may not co-opt non-board members depending on need.

4.14 One of the strengths ascribed to community foundations is their potential for developing a strategic overview of the needs of the communities within which they operate. Hence, the organisation's activities should flow out of a well thought out business plan that addresses:

- prioritised community needs;
- realistic asset growth from new donations and investment returns;
- annual grant making goals;
- networking and partnership activities;
- securing operating costs; and
- enhancing internal governance and staff/trustee development.

4.15 The needs identification assessment prioritisation and monitoring process set out in the business plan starts with the identification of needs arising from one or a series of unsolicited approaches to the foundation or from an internally generated position reflecting trustee experience, staff research, etc. or from a consultative process between the foundation and other parties. The next stage in the process involves a disciplined assessment and prioritisation exercise that gives
appropriate weight to competing needs in a manner that reflects the particular circumstances and characteristics of the given community. Even a cursory review of the documents compiled in this study does in fact demonstrate that priority needs differ from community to community.

4.16 The written statement of goals resulting from the process described above then defines certain of the criteria against which specific grant making decisions and initiatives can be taken. The statement also serves as a benchmark for others in the community to address in a co-operative manner or perhaps to challenge in a constructive manner. The important point about the statement of priorities is that a benchmark is set out and a proposed community agenda is published.

4.17 In furtherance of the board’s stated policies the staff then engages in the detailed procedures of grant-making/giving which include:

- solicitation and review of written applications;
- interview and site visit;
- preparation of written assessment; and
- presentation for decision by the board or its grants subcommittee.

4.18 Particularly in the case of smaller, newer community organisations the process described in paragraph 4.17 and the accompanying advice and assistance provided by the foundation is in itself a valuable contribution to the successful development of these entities.

4.19 The final stage of the grant making side of the equation consists of the foundation monitoring the results achieved by each specific grant and the trustees and staff engaging in self-assessment of the totality of grants in terms of the foundation’s stated goals.

AN OPERATING MODEL - THE FUND RAISING SIDE OF THE EQUATION

4.20 Simultaneously with its grant-making activities the foundation will also be engaging in fund-raising activities. The aggregate goal of these activities is to:

- establish and build a permanent endowment fund;
- increase and appropriately direct “pass through” funding; and
- raise sufficient funds to cover the foundation’s own operating costs.

4.21 The foundation’s core fund raising goal always remains the build up of an endowment of sufficient size to permanently generate an annual income at a level that can fund meaningful grants to the community it serves. As a consequence the board and staff need to advocate the concept of endowment on an ongoing basis to various target markets of potential donors. The generally accepted targets for minimum sufficiency (which originated from the work of the C.S. Mott Foundation) are currently $5 million in the US and £2 million in the United Kingdom. However, some UK observers are now reconsidering the £2 million level and are beginning to think more in terms of £5 million.

4.22 “Pass through” funding, which consists of moneys usually provided by major private foundations or government entities and is expended upon receipt, is sought for a number of reasons. It enhances the foundation’s role as a grant maker, particularly during the early days while endowment generated income is modest. It can also help the foundation with its own operating costs through administrative fees. Finally, the administration and professional direction of pass through funding is in itself a valuable service to the community and it very often complements the discretionary grant making that the foundation has already designated as a priority.

4.23 A foundation also has to recognise that, if it is to fulfill its core mission, it must effectively address the need to secure its
own operating costs. Hence, most foundations establish a distinct fundraising strategy to deal with this practical necessity. For instance, the community foundation might target a specific corporate or private trust to fund its operating costs for a number of years, while at the same time directing its core fund-raising activities at high net worth individuals.

4.24 Community foundations have four distinct target markets:

- corporations;
- individuals;
- private charitable trusts and foundations; and
- government.

4.25 A number of methods and combinations of methods are employed to secure contributions from potential donors including:

- one-on-one direct solicitation;
- sponsored social events at which the community foundation concept is presented;
- informal networking;
- organisation of professionals who advise wealthy individuals; and
- formal grant applications.

4.26 Foundations also provide a number of distinct donor options or services. A priority option is the facility to accept a donation to the unrestricted endowment fund that will enable the donor to make a permanent contribution to meeting the needs of the community. This can be accommodated in the form of a named fund within the overall endowment. This option is particularly attractive to individuals wishing to commemorate a person or family and corporations wishing to obtain an ancillary benefit from their donation in the form of enhanced profile.

4.27 Donors also have the choice of a special interest option or an advisory option. The special interest option will ensure that the donor's contribution will be restricted to grants in a particular field or fields. The advisory option enables the donor to advise the foundation and the foundation to advise the donor with respect to specific grants from the donated amount.

4.28 In recent years more and more foundations have also established area funds to enable donors to direct their monies to projects located in specific geographical areas within the foundation's overall catchment area or located in satellite areas outside the catchment area.

4.29 Perhaps the greatest strength of the community foundation vis-à-vis its donors is that the organisation offers a well organised process for the donor to link into, while at the same time offering tremendous flexibility in how the donation can be structured and ultimately allocated. Inherent in this flexibility is the capacity to meet new and changing needs over time.

4.30 Finally, every foundation has developed the capacity to provide donors with the advice necessary to achieve maximum tax efficiency. Foundations see their donors as clients to whom they render services to the same extent that they see grant recipients as clients to whom they render services. This enables foundations to achieve an enviable record of repeat contributions - and not infrequently it is the second, third or fourth contribution that makes a significant impact on the community's endowment.

4.31 This aspect of donor relations is being taken even further by a growing number of foundations. For instance the Rockford Foundation in the US has established a Trust Club for its living donors where the main purpose is simply to get everyone together on a regular basis. Based on various interview responses it would not be unreasonable to apply the term "family" to the combinations of trustees/staff/donors involved in numerous foundations.
V Funding Impact on the Voluntary Sector

NEW MONEY AT THE TABLE

5.1 Based on the international experience to date it is generally agreed that community foundations generate the donation of "new" money for the voluntary sector. The amount of this new money has yet to be quantified and the effort required to obtain it has been questioned by some, but there is little dispute about the existence of the phenomenon.

5.2 Three concrete examples among many demonstrate its existence:

- the sixteen year record at the NIVT in attracting money from UK based institutions to support the voluntary sector in Northern Ireland;
- the 1991-93 C.S. Mott Foundation/Charities Aid Foundation challenge grant that delivered £666,666 each to three communities in the United Kingdom;
- the gift of the Kansas City Royals American baseball team to the Kansas City Foundation and its anticipated sale in five years time that will result in an additional $100,000,000 being added to the endowment providing grants to the voluntary sector in that community.

5.3 There are a number of apparent reasons why community foundations are able to tap into new money:

- the appeal of the core concept;
- the organised approach to fund-raising; and
- the convenience of the model for a prospective donor.

5.4 It can be argued that the well presented concept of a permanent unrestricted endowment fund under the control and guidance of an independent and publicly accountable group of fellow citizens dedicated to the current and future needs of a specific community will in itself have a strong appeal to an increasing number of potential donors. Certainly the research done in this study indicates a very definite "I want to give something back to the community" factor on the part of many of the individual donors.

5.5 Another reason that community foundations have been successful in raising new money is that raising new money is what the organisations exist to do. While differences in culture and economic conditions may enhance or lessen the degree of success, it is reasonable to expect that a highly motivated, talented and well networked group of volunteers will normally achieve their core mission. The fact that terms like "professional" and "organised" are often applied to foundation fund-raising activities indicates that foundations are indeed successful in this area.

5.6 A third reason why new money may be tapped is that community foundations strive to make it easy for the potential donor to fulfill a desire to contribute. The foundation's donation process is carefully designed to be user friendly and since the trustees/staff are constantly attuned to the nature of the donor process, they make every effort to meet the potential donor's needs through repeat giving.
RECYCLED MONEY - THE PROS AND CONS

5.7 A good deal of study and discussion has focused on the fact that community foundations are, as a consequence of their activities - both in fund raising and grant giving - also acquiring significant amounts of "recycled money", i.e. money that was already being donated anyway.

5.8 One negative aspect of this phenomenon is that it can bring the foundation into competition with the very voluntary sector organisations it is established to support. Another is that there is evidence that some corporate donors in particular have used contributions to a community foundation not only as a convenient "organiser" of previously disparate direct grants, but also as an excuse to subtly reduce the total amount of their giving.

5.9 Nevertheless a number of positive aspects of community foundations' raising and distributing recycled money have been identified and at least some research confirms that the negative aspects cited above have not significantly damaged foundations' credibility among voluntary sector organisations. In fact in the US it is common for the local chapter of the United Way (the major national fund-raising organisation for the voluntary sector) to co-operate closely with the local community foundation. Also in some communities voluntary agencies are now utilising the community foundation to manage the investment of the agencies' own endowment funds.

5.10 One of the positive aspects cited in connection with the distribution of recycled money is that the community foundation can lever this money to attract new money. Another is that the community foundation will be more effective in distributing the money because its distribution is in accordance with disciplined procedures pursuant to a well thought out business plan.

5.11 A third positive consideration is that while certain money may indeed be targeted for distribution at say the national level, it is the community foundation that ensures it comes to its particular community. A classic example of this was the ability of the Calderdale Foundation to secure a recent challenge grant from Comic Aid in competition with a number of other communities in England.

MENTORING AND CO-ORDINATING

5.12 As indicated above, two ancillary roles of a community foundation are to provide non-financial advice and assistance to voluntary sector organisations and to take on a leadership role with respect to significant community issues. Foundations can also impact on the overall funding of the voluntary sector through these ancillary roles.

5.13 One important area of advice and expertise provided to voluntary organisations is in their own direct fund-raising activities. Hence, to the extent that community foundations are assisting voluntary organisations in enhancing the skills and procedures that they employ to raise their own funds, the foundations are indirectly increasing voluntary sector funding. In fact a number of persons interviewed cited the community foundations' assistance to small community groups in the area of formal grant applications as a very significant role for the foundation.

5.14 Further, if a foundation is effective in raising community awareness about particular issues and if one aspect of the increased awareness is the demonstration of the need for increased funding - from whatever source - it follows that the foundation's activities will generate additional funding for voluntary sector organisations.

5.15 Perhaps as important as the cash contribution that a foundation can make is its influence as an independent funding source which can be availed of by public sector, private sector and voluntary sector organisations as a convenor and/or co-ordinator with respect to significant local issues.
VI Legal Framework and Governance

LEGAL FRAMEWORK

6.1 Other than in the case of older Canadian models, community foundations do not exist per se in the legislative/regulatory framework of the various jurisdictions studied. Hence the entity created to implement the core concept described in Section IV can take the legal form most appropriate in the circumstances. Nevertheless it is essential that a community foundation qualify as a charity and therefore it must be constituted in a form that is acceptable for this purpose.

6.2 The original US model was a trust established by deed between the grantor and a bank. Under the terms of the trust the bank was responsible for investing the corpus of the trust and distributing monies in accordance with the provisions in the deed. While banks were quite capable of investing monies, they lacked the experience and understanding of the community needs that the distributions were to address. For this reason the earliest community foundations consisted of the trustee bank and an advisory committee appointed by the bank or in accordance with a formula set out in the trust deed.

6.3 The more recent model and by the early 1980s the far more prevalent model is an independent not-for-profit corporation. The primary advantage of this model is that the foundation has total discretion as to the choice of the entity that will manage the investment of the endowment.

6.4 The Australian model is similar to the original US model, but is now in the process of establishing much greater independence from the sponsoring bank, ANZ, than has been the case in the past.

6.5 In the UK community foundations have been established both as charitable trusts and as companies limited by guarantee, but in both cases the organisers have chosen to establish the entity independent of any specific financial institution.

6.6 One interesting US development in the past decade is that the Fidelity Group, one of the largest investment managers in the world, has established an investment fund to which individuals can contribute, that consists of an endowment that distributes grants to local community organisations.

6.7 Focusing on the most common models now in use, a community foundation comes into being when a group of individuals sign a deed of trust or articles of association and submit the documents to the appropriate legal authorities. The purpose of either document is to create a legal entity that can exist in perpetuity.

6.8 The governing document will cite the purpose and primary activities of the organisation as well as the manner in which directors/trustees are appointed and resign, their terms of office, any restrictions with respect to the investment of assets and the general manner in which the directors/trustees will carry out their functions.

6.9 A number of persons interviewed in this study recommended that the documents constituting the foundation should be drawn up to provide the board with as much flexibility as possible under prevailing legislation.

6.10 Registration with appropriate regulatory authorities is necessary to:

- establish the foundation as a legal entity;
• qualify it as a charitable entity; and
• position it to achieve maximum tax advantage for itself and its donors.

THE BOARD STRUCTURE AND COMPOSITION

6.11 The founders of each new community foundation have the flexibility to shape a specific governing structure within the legal parameters set out under law for charitable companies or trusts.

6.12 For instance, there is no requirement in law that the governing board of a foundation be representative of the overall community or sectors within the community, nor is there any detailed requirement with respect to the process by which new members assume their position.

6.13 Nevertheless, it is clear that as the international movement has grown, significant consideration and discussion has occurred at both the individual foundation level and at the national and international level with respect to such issues as:

• appropriate size;
• selection/training process;
• diversity; and
• representation of donor and grant recipient interests.

Indeed each of the national organisations cited in this study provide extensive written guidance with respect to best practice concerning these and many other aspects of structure and operations.

6.14 In terms of diversity, there is some contrast between the historical board composition in the US and the board composition of UK foundations which for the most part only came into existence subsequent to 1980. In the US boards still reflect the "private sector" origins of the movement with their boards heavily weighted toward the business community - although the Rockford Community Foundation boasts of a twenty member board made up of eleven women and nine men and fully representative of all socio-economic strata within the community. In the UK board composition reflects greater participation of voluntary sector members, public officials and community based representatives. The inclusion of voluntary sector members and public officials in particular would be relatively uncommon in the US.

6.15 The difference in board composition may have an influence on how foundations in the US raise endowment money versus their counterparts in the UK. Specifically, in the US the vast majority of the money raised comes directly or indirectly from wealthy individuals, while in the UK the vast majority comes from corporations, government or other trusts. Indeed UK based persons interviewed in this study consistently cited the need to improve their ability to attract large endowment donations from wealthy individuals.

THE BOARD'S ROLE AND RESPONSIBILITIES

6.16 The primary role of the board of a community foundation is similar to that of any other formal organisation:

• to articulate the core mission;
• to agree goals and objectives;
• to oversee the implementation of activities to achieve the goals and objectives; and
• to monitor actual progress on an ongoing basis.

6.17 In order to fulfil this role it is incumbent on board members to become knowledgeable about the nature of a community foundation, be familiar with and, when necessary, participate in the donor process and develop a well informed understanding of the needs of the community. One of the often cited lessons that have been learned about the effectiveness of community foundations is that board members need to be as participatory as possible.
6.18 It also appears that the chairperson is required to be more than a convenor of fellow colleagues. In a number of specific foundations reviewed in this study the chairperson - particularly the first one - is seen as a major catalyst to the organisation's drive for survival and eventual success.

6.19 The occurrence of formal board meetings appears to be in the range of four to eight annually. However, most boards appoint sub-committees to deal with various aspects of the operation, such as donor relations, grant-making, staff etc. Hence, a board member would normally be expected to devote a minimum of one day a month to foundation matters.

6.20 One of the strengths of the community foundation both as a fund-raiser and as a grant-maker is the degree of public accountability required under US and UK legislation. Particularly in the US, where foundations have to continually demonstrate their public support, the requirement has been seen to be both a motivating factor to establish a broad base of public support and a key factor in encouraging wealthy individuals to make sizeable contributions.

6.21 The primary mechanism for achieving/demonstrating public accountability utilised to date is the publication and widespread dissemination of an annual report, the format and content of which are intended to comply with the respective national organisations' guidelines for best practice.

6.22 Further, it appears that foundation boards have formalised the process of internal assessment not only of their success in achieving goals and objectives, but also in complying with guidelines for best practice concerning the way in which the foundation itself operates. Nevertheless, what may still be lacking is an effective mechanism for impartial external assessment.

IMPLEMENTATION
- THE PROFESSIONAL STAFF

6.23 While the driving force of the foundation must be the combined commitment and contribution of the voluntary board charged with overall governance of its operation, day-to-day implementation rests with the organisation's full-time paid professional staff. Hence, the board/staff relationship is an important ingredient in the organisation's governance. The respective roles and responsibilities of each need to be thoroughly and clearly understood by all parties.

6.24 It is essential that the foundation must be and must be seen to be a best practice employer.

6.25 Further, it is important for the board to achieve that particular balance where direction and support are present to the right degree without undue infringement in the day-to-day management discretion that good professional staff expect and require.

6.26 The senior staff of a community foundation require a solid understanding of both the key issues facing the community and the organisational dynamics of the voluntary sector. They also need to be able to relate effectively with significant persons from the private sector. In general, their ability to move comfortably between different sectors of society and indeed their ability to develop communications links between sectors are very important ingredients in the success of a community foundation.

PROCESS

6.27 One other area in which community foundations need to achieve a balance - and one in which it appears that they have done so - is in the grant-making process itself. While it is essential that the foundation act, and be seen to be acting prudently and thoroughly in deliberating on specific individual grants, it is also
important for the foundation to recognise the needs and capacities of many of its grant recipients.

6.28 In concrete terms it is interesting that the highly respected Northern Ireland Voluntary Trust does not employ a standard grant application form, but rather adopts a very pro-active, relatively informal approach to vetting grant requests. It is also reassuring to report that a number of the foundations studied had a rapid response, streamlined approach available for small grants.
VII The Local Environment

THE PRE-CONDITIONS

7.1 Each of the foundations researched in this study has a “birth story” to tell. Certain pre-conditions existed within the community that created a very positive environment for the establishment of a community foundation:

- In Milton Keynes, the Milton Keynes Development Corporation wanted to leave behind an organisation that would carry on its support of the voluntary sector.
- In Bristol in the UK and in Rochester, New York in the US, the community had been rocked by urban riots in the years closely preceding the establishment of the foundation.
- In Rockford, Illinois, a group of close business/social associates wanted to contribute something to their community.
- In Northern Ireland, a new mechanism was created by government officials to support initiatives in community development due to the lack of existing private foundations to fill this role.

7.2 Perhaps the same pre-conditions as those cited by foundation personnel interviewed in this study exist in every community. Or perhaps if these particular pre-conditions do not exist universally, other conditions do exist that will also justify the establishment of a community foundation. However, it appears to be important for a strongly held perception to exist within an influential group within the community that certain conditions need to be addressed and that a community foundation is the most appropriate potential vehicle to address these conditions.

7.3 The C.S. Mott Foundation has developed a number of “community indices” that it believes indicate the potential for establishing a successful community foundation. They include:
- a minimum population base of 100,000 to 150,000;
- economic viability as indicated by various industrial indices;
- a geographical focus;
- a sense of community cohesiveness;
- a tradition of philanthropic giving; and
- an existing voluntary sector.

GEOGRAPHICAL BASE AND POPULATION SIZE

7.4 Every foundation is able to fairly definitively identify its geographical catchment area, although the borders do tend to stretch or contract over time. The exact demarcation is somewhat blurred, because as indicated in paragraph 4.2 the exact boundaries of a “community” are defined more by human perception than by geographical landmark. Nevertheless, one observation gleaned from the site visits conducted in this study is that most foundation executives have a map of their catchment area on the office walls.

7.5 In the mind of one observer, geography represents one of a community foundation’s great strengths - because they are geographically based, these organisations not only do not compete with one another but are in fact natural allies.

7.6 In the US the geographical diversity among foundations is dramatic - there is for instance a single community foundation for the vast state of Montana, while there are approximately 29
community foundations in the much smaller state of Wisconsin. In the San Francisco Bay area there are five community foundations - the San Francisco Foundation, the Marin County Foundation, the East Bay Foundation, the Peninsula Foundation and the Santa Clara Foundation.

7.7 While differing populations within given geographical areas may provide a partial answer to the variation of population density between community foundations, it cannot provide the entire explanation. The people of Wisconsin have long held a reputation for being forward thinking and community minded, while Montana residents would normally be characterised as individualistic and socially conservative. Further, anyone who knows the San Francisco Bay area will not be surprised to learn that there are five distinct, successful foundations operating simultaneously.

7.8 In Canada, successful community foundations - at least in Canadian terms - exist with a population base of 5,000 and a geographical catchment area the size of Northern Ireland. The NIVT itself serves a population base of 1.5 million spread throughout a diverse geographical region. In contrast, the Rockford Illinois Foundation which grew its endowment by $9,000,000 over the same period of time during which the NIVT grew its by £2,520,000 serves a mere 350,000 population all living within a 20 mile radius of the foundation’s office.

7.9 Based on the international experience, there does not appear to be an optimum size of geographical or population base for a community foundation to succeed. Rather, the experience points to certain other factors which are discussed below.

THE STEERING COMMITTEE

7.10 As the community foundation movement has evolved and been studied, a certain "success formula" has been devised regarding the establishment of new organisations. One of the key ingredients in this formula is the steering group, i.e. the group of people who take the process from the point at which the question "Why not start a community foundation?" is first asked to the point at which the organisation is formally launched.

7.11 It is essential that the steering group is composed of competent, motivated people who are in their own right effectively networked into local government, business and voluntary sector establishments. While the US experience - particularly in earlier years - would indicate that this core group needs to come almost exclusively from the business and upper social echelons of the community, the more recent experience in the UK indicates that this is not necessary.

7.12 The primary task of the steering group is to lay the groundwork for the formal establishment of the foundation. This involves communicating the concept to key members of the community’s formal and informal power structures and identifying the needs that a community foundation is particularly appropriate to meet. It also involves bringing the voluntary sector “on board” from the beginning. In recent years it has become more common for steering committees to conduct formal feasibility studies to ensure that a comprehensive and effective consultative process takes place prior to the formal launch of the new organisation.

7.13 It is also worth noting that the basic mission of the steering group is to work itself out of existence so that it can be replaced by a formal board and professional staff. (However, on a practical level it is also worth noting that the initial board composition will often display a membership overlap with the steering committee that has brought the concept through to fruition).

7.14 In short the primary function of the steering group is to introduce the
concept to the community, win support from key decision-makers and provide the initial strategic plan for actual establishment of the organisation.

THE BENEVOLENT GUARANTOR

7.15 Another key ingredient in many successful foundation start-ups is the early and consistent involvement of an existing significant community institution as a kind of benevolent guarantor.

7.16 This institution exists in different forms in different communities. In Australia it was a large bank. In Northern Ireland it was the government itself. While in Milton Keynes the institution was the Development Corporation and in Bristol it was the Society of Merchant Venturers. A US example is the involvement of senior management of the large multinational Du Pont in the start up and early days of the Delaware Foundation.

7.17 The institution’s role includes providing immediate community credibility, early days funding of operation costs and access to the key people in high places. In most cases it also provides flow through and endowment funding. The reference to “patience” and “substantial financial resources” occurred in more than one interview throughout the course of this study.

THE CHARISMATIC LEADER

7.18 Another success factor cited is the total commitment of an existing community or business leader to the successful establishment of the foundation. The terms “extraordinary” and “visionary” have been applied in a number of instances that were examined in this study and in several cases the foundations’ own publications contain unabashed praise for such individuals several years following inception of the organisation.

PROFESSIONAL STAFF

7.19 The importance of early recruitment of professional staff was emphasised on numerous occasions during interviews. One striking example of why this advice makes sense is contained in the growth figures for the Rockford Community Trust’s endowment. The endowment grew from $14,000 in 1953 to just under $1,000,000 in 1987 during which time the trust was operated by a dedicated, but voluntary group of trustees. Between 1987, the year in which the first professional staff person was hired, and 1994, the endowment grew to $10,000,000.

7.20 The choice of the initial Director is vital. The day-to-day direction of a community foundation - especially in the early years - is a very formidable challenge. This person needs to be able to deal with fund-raising on the one hand and grant-making on the other. In a practical sense the Director is the public “face” of the foundation in most of the direct dealings with donors, recipients and public agencies.

7.21 The initial staff need to bring a certain measure of individual credibility to their role and they also need to be almost entrepreneurial in outlook. One person interviewed, who has had successful careers in both the private and voluntary sectors before becoming the initial director of a community foundation that in turn has been successful stated that, “running a community foundation day to day is just like running a private business.”
VIII The Legal and Fiscal Environment

LEGAL ENVIRONMENT

8.1 The three key terms in connection with a supportive legal environment are enabling, motivating and accountability. The legislative framework needs to be such that community foundations can be created and can operate without undue legal restrictions. It is particularly important that the investment of endowment funds is not unduly restricted.

8.2 Friendly tax legislation is also important to the successful development of community foundations. In the United States these organisations are particularly associated with tax efficient giving. Over the past two decades the taxation regime with respect to private foundations has become quite restrictive in the US. As a consequence many of these foundations have decided to merge with community foundations and more and more wealthy individuals are opting to make very sizeable contributions to an existing community foundation rather than establish a separate private foundation.

8.3 The US tax legislation and regulation has had a second motivating influence in terms of fund-raising. One of the tests as to whether a community foundation is a truly public charity is the breadth and amount of money it raises from the public as opposed to a few individuals and corporations. Hence, in addition to the motivation of its core mission, the foundation has the added motivation of regulatory compliance in its search for a wider band of donors.

8.4 The US tax legislation has also been responsible for ensuring a clear pattern of public accountability among community foundations. While the inclination was already there among governing boards to operate in a transparent manner and issue comprehensive annual reports, the public accountability requirements in the law copper fasten this approach.

8.5 The downside of unfriendly tax legislation can be seen in Canada where recent laws have provided for special tax treatment for certain "Crown" agencies. Community foundations have not been included in this new designation and as a consequence they now face a very real disadvantage vis a vis "Crown" agencies in terms of the comparative tax efficiency that they can offer potential donors.

8.6 Because more and more foundations are choosing the corporate or limited company form of constitution, the degree of compliance and disclosure required under relevant company law will also impact on the operation of a community foundation.

8.7 Legislation governing charities will also be a factor. Where such legislation is relatively lax, community foundations offer potential donors a "safe haven" where they know that their donation will be professionally managed and distributed in an open and accountable manner.

8.8 An interesting omission in the comments made by interviewees regarding the legal environment was the topic of fund-raising. It appears that in the jurisdictions studied, many of the concerns and issues concerning fund-raising practices that are currently under review here in Ireland have already been dealt with effectively. Hence, the issue simply does not arise in the consciousness of foundation trustees and staff.
8.9 A final legal aspect worth mentioning is the law and regulation governing the investment of foundation assets. As a foundation matures in age, a cross over occurs in terms of the dominant source of fresh money - in the early years it is donations, but in maturity it is investment return on assets. An understanding of compound interest will help to explain why many older foundations are experiencing an accelerated growth pattern in endowment size.

8.10 Because circumstances and hence investment needs differ between foundations and with respect to a single foundation over time, there is a clear need for flexibility in the law and regulations governing the investment of trust assets. If there are legal limitations on the percentage of the overall fund that can be invested in a single type of asset - say property - or indeed in a single investment, it could seriously inhibit the financial growth of a community foundation. For example, the contribution of various property interests within the new town of Milton Keynes was central to the financial development of the Milton Keynes Community Trust. Another example would be the US restriction on charities carrying on a profitable business. This would probably circumscribe the use of donated property to generate rents and would clearly prohibit the intended Bulgarian model of the foundation acquiring or creating businesses and using the profits to make grants.

8.11 This problem has recently been addressed in the US in the case of the acquisition of the Kansas City Royals baseball team by the Kansas City Foundation - in this case the US Internal Revenue Service has granted a specific exemption from the general restriction.

FISCAL ENVIRONMENT

8.12 In terms of government fiscal policy it is almost a matter of two extremes. To the extent that the community foundation is seen by government as an arms length, honest broker for distribution of grants to the voluntary sector (i.e. Northern Ireland) the ability of the foundation to grow while building on that support and going on to engage the private donor sector is greatly enhanced.

8.13 On the other hand, to the extent that government fiscal policy includes a very apparent withdrawal from dealing with community based needs, the potential private donor population - both corporate and individual - will be that much more aware of the existence of funding needs within the community and the importance of the role of the foundation in addressing those needs.

8.14 Nevertheless, it is worth noting that each interviewee in the UK was asked whether Thatcherism had had any effect on community foundations and each interviewee in the US was asked the same question about Reaganism. No one expressed an opinion that there was any definite link.
IX The Impact of Challenge Grants

THE CHALLENGE GRANT

9.1 Under a challenge grant a major funder commits a significant pledge to a particular cause and makes the actual contribution contingent upon the recipient raising a certain level of matching funds.

9.2 Challenge grants are definitely a time honoured institution in the US. The concept of matching and leveraging charitable giving is widespread within US society and it applies to many types of voluntary and charitable organisations in addition to community foundations. Probably the most common expression of this phenomenon is the almost universal practice within US industry of employers matching in some percentage donations of their employees to the respective universities from which they graduated.

CHALLENGE GRANTS AND COMMUNITY FOUNDATIONS

9.3 While there have been numerous challenge grants to community foundations in the US over many years, the challenge grant initiated by the C.S. Mott Foundation in conjunction with the Charities Aid Foundation in the United Kingdom in 1990-93 has a special significance for the movement as a whole.

9.4 This particular grant was co-ordinated through the UK national association - the Association of Community Trusts and Foundations (ACTAF) - and generated a number of applications of which three were successful. The experience of several foundations involved in the process was subsequently studied to identify the impact of the challenge grants and the lessons to be learned.

9.5 One very interesting observation is that the process itself became an issue around which the community foundation movement was able to come together and become more cohesive. The process also appears to have clarified to anyone associated with community foundations in the UK that they are part of an international movement with significant goodwill and propensity to provide mutual assistance.

9.6 At the individual foundation level the application process for the grant provided each foundation - whether they were eventually successful or not - with a much needed focus and a very real reason to "get their act together". The irony is that this is exactly the same comment that many voluntary organisations make about the grant application process at the community level.

9.7 It is also interesting to note that the minority concern that the effort required to apply for the grant and then fulfil the fund-raising conditions may not have been worth the effort vis à vis alternative employment of resources and energy, echoes an equally minority view among voluntary organisations about community foundation grants.

9.8 The majority view concerning the C.S. Mott challenge grant was that it provided focus for the trustees and staff and was also a very helpful incentive for potential donors. Further, the successful completion of the process has in the opinion of trustees and staff resulted in the three successful foundation applicants achieving the minimum endowment target of £2 million much earlier in their development than would otherwise have been the case.
9.9 It also appears from the evaluation study report that the persons involved with every foundation that participated in the process gained significant confidence and increased self-esteem as a result - again regardless of the future outcome of their grant application.

9.10 Challenge grants have proved to be a particularly effective mechanism for focusing board effort on building the foundation’s unrestricted endowment. In a number of instances the award of a challenge grant specifically aimed at endowment building was cited as the key catalyst to a foundation overcoming initial reluctance and uncertainty about tackling the critical task of endowment building.

9.11 The Vancouver Foundation has developed an interesting approach to challenge grants that employs its own unrestricted endowment to assist and challenge voluntary agencies to themselves engage in endowment building. It has issued a series of challenge grants to voluntary agencies under which it has matched monies raised by the agencies that are allocated to an endowment fund within the Foundation, the interest on which is designated to underwriting the voluntary agencies’ own operating expenses. Further, the challenges have generally been extended to three rounds: in the first the match is one for one, in the second two for one and in the third three for one.

9.12 It is also important to note that challenge grants can come from government (e.g. the Northern Ireland Voluntary Trust example) as well as from the private sector and private foundations.
START UP COSTS

10.1 Start up costs consist of those expenditures of the founders and steering committee that are incurred prior to the formal launch of the foundation. Based on the experience of a number of the foundations studied, the “start up” period can last as long as eighteen months.

10.2 The amount of start up costs incurred will depend primarily on the initial staffing compliment decided upon and the availability of in-kind donations of space, equipment, materials etc.

10.3 Assuming that “start-up”, i.e. the period prior to initial launch will take approximately eighteen months, the costs could range from £35,000 to £72,500, based on the following expenditure allocations.

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>£30,000</td>
<td>£45,000</td>
</tr>
<tr>
<td>Space</td>
<td>-</td>
<td>£9,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>-</td>
<td>£5,000</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>-</td>
<td>£3,500</td>
</tr>
<tr>
<td>Communications</td>
<td>£5,000</td>
<td>£10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£35,000</strong></td>
<td><strong>£72,500</strong></td>
</tr>
</tbody>
</table>

The difference in the item, Salaries, between the column entitled “Min.” and the column entitled “Max.” is that the second column assumes a Director and support person while the first provides for a Director only. The amounts above are based on UK cost and wage levels and would therefore need adjustment outside of the UK context.

INITIAL OPERATING COSTS

10.3 The Calderdale Community Foundation in the United Kingdom is a good example of annual operating costs in the early years after a trust’s formation. Established in 1991, the annual operating costs - including three staff members - amounted to less than £50,000 in 1994.

10.4 Regardless of the exact amounts required for start-up and initial operating costs - two realities should be recognised from the outset:

- there is a need for someone or some entity with significant financial resources to underwrite these costs for the first few years; and
- operating costs as a percentage of total income and total assets will be disproportionately high for the first several years of the foundation’s existence.
Appendix A.
Glossary

ADMINISTRATION FUND
This Fund is purely for administrative or core costs. Donors may wish to give to an Administrative Endowment Fund, which is similar to the regular endowment only the income from the Fund is for administration purposes only.

ADMINISTRATION FEE (MANAGEMENT FEE)
A charge made by the Community Foundation for consultations, specialist advice or maintaining funds for corporations, charitable trusts or individuals.

ANNUAL REPORT
A yearly publication focusing on achievements, the growth and future developments of the organisation. It can be written for use as promotional material when approaching companies and individuals for funds. The audited accounts are often incorporated into the annual report. It is also usual practice to list:

- funding contributors
- grant-making policies
- grants given
- the size of the endowment fund and any other restricted funds
- operating costs of the Community Foundation

AREA FUND
A fund designated for distribution to projects located either in a smaller geographical area within the Foundation's overall catchment area or outside the existing catchment area.

ARTICLES OF ASSOCIATION
In the constitution of a charitable company, the Articles refer to the rules and regulations governing the internal management of the organisation. The articles, for example will include details of meetings, the non-executive Directors (Trustees), the company secretary, minutes of meetings and so forth.

ASSETS
Properties owned by an individual, business enterprise, voluntary organisation or charitable trust. For example, stocks and shares, cash or property (buildings, possessions).

BEQUEST
Transfer of personal property such as cash, securities or other tangible property to an organisation as stated in a will.

CAPITAL EXPENDITURE
Expenditure to acquire an asset with an expected useful life of more than one year: for example, purchase of major equipment like a fax machine or a computer.

CASE STATEMENT
A case statement is a document which sets out in detail why the Foundation would benefit from financial support, listing:

- the organisation's services
- human resources
- potential
- current needs
- future plans.

It might be used in conjunction with the Mission Statement when the Foundation is applying for grants, or included in publicity materials as part of the fund-raising strategy.

CHALLENGE GRANT
Challenge grants are a way of using leverage to obtain money from the corporate sector, individuals, charitable trusts or statutory agencies by proposing that they donate a sum of money provided that it can be matched by fund-raising efforts within the community, thereby increasing the final amount raised.

CONTINGENCY FUND
Assets put aside for unpredictable situations.

CORE COSTS
These are expenses which are incurred by an organisation for the administration and management of the group. They represent:
• staff salaries and expenses
• training
• office space and equipment
• heating and lighting
• stationery and printing
• insurance
• telephone and postage
• marketing and public relations
• depreciation

and other expenditures necessary for the smooth running of a voluntary organisation.

CORPORATE DONOR
A profit-making corporation which gives cash gifts, supplies, equipment, services, volunteer assistance or other contributions to a charitable organisation. Corporate donations may be part of a company’s formal structure for corporate giving. Alternatively a separate corporate foundation may have been established which may have its own assets or receive a yearly distribution based on company profits.

CORPORATE SECTOR
A term used to describe all corporations established to make profits.

DONOR ADVISED FUNDS
This type of Fund enables the donor of the Fund to suggest or advise the Foundation of where some or all of the grants from the Fund may be distributed. Foundations can use this type of Fund to encourage donors to give tax effectively through the Foundation to other charitable organisations. The advantage of this Fund is that it can be used to accommodate the donor’s personal or corporate wishes and therefore is part of the “Service” given by the Trust to its donors. The Donor Advised Fund may be part of the Endowment Fund or it may be purely raised for distribution purposes.

DONOR SERVICES
This term refers to the many and varied “Services” a Community Foundation can offer a donor. This can range from providing tailor-made Donor Advised Funds to a quarterly report on the progress of the donors’ investment fund. Community Foundations can keep donors informed of changes in the community and emerging issues.

ENDOWMENT FUND
This is a fund created by the Foundation to exist in perpetuity. It is able to provide income to the Foundation from the interest accrued. This income is distributed in the form of grants to voluntary organisations.

FIELD OF INTEREST FUND
This type of Fund may be established either by the Foundation or one or more donors and focuses on an area of interest. The “Field of Interest Fund” could be issue-based or locality-based. For instance, the Foundation may have Funds for the homeless, low income families, the arts or it may have a fund to cover a particular part of the city or county. The advantage of having this type of Fund is that the donor is assured that a grant will go to an area of personal or corporate interest.

FLOW-THROUGH FUNDS
This is the term used to describe donations which are raised for the express purposes of immediate distribution. Companies and individuals may prefer to relieve themselves of the burden of grant-making and allow the Community Foundation to distribute their grants.

FUND
A Fund is a stock of money or other assets set aside for accounting purposes which may be used for specific activities or objectives. A Community Foundation would have an Endowment Fund and in most instances also have Administration, Donor Advised, Named Funds and so on.

IN PERPETUITY
To be held in the same form forever.

LEVERAGE
A way of encouraging contributions if other donors are also committed to giving funds. This can be used in conjunction with Challenge Grants and matching grants.

MISSION STATEMENT
A clear and concise statement of the purpose of the organisation.

NAMED FUNDS
Named Funds may be used in conjunction with
(Restricted) Donor Advised Funds or they may be Unrestricted as in the case of some Field of Interest Funds. They may be part of the overall Endowment Fund although they could be for flow-through purposes. The Fund is “Named” after the donor or in memory of someone named by the donor; this can be a person or a corporate body and in some cases Community Trusts also distribute grants from other charitable trusts.

NEW MONEY
Financial contributions from previously-untapped sources, for example donations from companies, individuals and grant-making bodies that have not previously been involved in charitable giving. It is money that is not already in the charitable pot and therefore, ‘new’ to distribute.

PUBLIC SECTOR
The public sector represents central government, local government organisations and government-funded development agencies like development corporations or urban and rural regeneration boards.

RESTRICTED FUNDS
A restricted fund will have restrictions imposed upon it by the donor. This will limit the type of grants made from this donation. For example, the donor may wish grants to be made to particular voluntary organisations. These types of funds can be Donor Advised or Field of Interest.

SITE VISIT
Fact-finding visit by a grant-maker to an organisation that has applied for or received funding. It may also be a visit to the area and institution(s) affected by the grant.

STRATEGY
Guidelines for making directional decisions that influence an organisation’s long-term performance.

TRUST DEED
The Trust Deed is the constitution which governs a charitable trust. The objects of the Trust Deed must be charitable in order to qualify for charitable status. The Trust Deed should contain information on the name of the Community Trust, details of the trust fund and how it is held, the objects of the Trust, the numbers of trustees, what powers it has, indemnity for trustees and so forth.

TRUSTEE
A person or institution responsible for the governance of a Trust.

UNRESTRICTED FUNDS
Donations to a Community Foundation may from time to time be restricted in that a donor may wish grants to go to particular groups or causes. However, Unrestricted money has no restrictions on it and the trustees will grant-make according to the priorities identified by the Foundation. For a Community Foundation this kind of gift is very important if it is to meet the needs of future generations. Field of Interest Funds and Named Funds may be Unrestricted Funds; however, a Donor Advised Fund is not Unrestricted.

VOLUNTARY SECTOR
This term is used to describe a range of voluntary organisations, charities and non-profit agencies. The size and type of these organisations can range from small informal self-help groups to large multi-national agencies. The “sector” is typically heterogeneous and very fluid in its make-up.

The terms and definitions set out above are based on a more comprehensive glossary developed and published by the Association of Community Foundations and Trusts.
Appendix B.
List of Written Materials

CANADA

Community Foundations of Canada
- The Community Foundation: What it is and How to Get Yours Going
- Incorporation and Registration Documentation
- Key Issues/Questions To Be Considered In Developing A Community Foundation

Hamilton Community Foundation
- An Act Respecting Hamilton Community Foundation
- 1991-92 Annual Report
- 1992-93 Annual Report
- 1993-94 Annual Report
- About The Community Foundation
- Child And Youth Initiative
- Place Your Trust in the Hamilton Foundation
- Hamilton Community Foundation School Nourishment Fund
- Guidelines for Grant Seekers

Vancouver Foundation
- Vancouver Foundation Amendment Act, 1993
- Procedural By-Laws of the Vancouver Foundation
- 1993 Annual Report
- 1994 Annual Report
- Application Process and Grants & Distributions 1994

UNITED KINGDOM

Association of Community Trusts and Foundations
- Foundations For Community Trusts
- What Is A Community Trust or Foundation
- Evaluation of CAF-MOTT Challenge Grant Programme: a CES Interim Report
- Evaluation of the Impact of the CAF-MOTT Challenge Grant Programme: Views from Organisations with a National Overview
- Evaluation of the Impact of the CAF-MOTT Challenge Grant Programme: The Views of Donors and Recipients
- Meeting the Challenge and Moving On: Evaluation of the CAF-MOTT Challenge Grant Programme

Greater Bristol Foundation
- Grant-making Policy and Guidelines 1993-1996
- Named Funds within the Greater Bristol Foundation
- 1994 Annual Report
- Foundation News - Spring 1995

Calderdale Community Foundation
- 1994 Business Plan
- 1994 Annual Report
- Calderdale Communicator - September 1994

Milton Keynes Community Trust
- Memorandum of Association
- Articles of Association
- Policy Document
- Trustees Report & Financial Statements 31/03/94
- Newsletter - Issue 10 - November 1994
- Newsletter - Issue 11 - March 1995
- Yearbook 1994

Northern Ireland Voluntary Trust
- Community Investment: A Contribution to Change
- 1993/94 Annual Report
- 1995-1999 Strategic Plan
- Evaluation of Grant-Making and Advice Services 1986-91

Tyne & Wear Foundation
- 1994 Annual Review
- Grants
- Foundation News - Summer 1994
- Foundation News - Winter 1994
UNITED STATES

Council on Foundations
• Building Successful Community Foundations: The Basics
• What is the Council on Foundations
• Types of Foundations
• Community Foundations
• Using a Community Foundation to Achieve Charitable Goals
• Foundations Take Off
• Community Foundation Quarterly - Spring 1995

Community Foundation for the Fox Valley Region
• Mission Statement
• Original Letter (6/9/85) soliciting community leaders
• Accountability In Action
• Guidelines For Grant Seekers
• Women’s Funds
• 1994 Annual Report
• Foundation Focus - Winter 1995
• Foundation Focus - Spring/Summer 1995

Milwaukee Foundation
• From One Generation To The Next
• 1995 Perspective (Annual Report)
• Impact - January 1995
• The Acorn Society - A Creative Approach to Giving
• The Legacy Society - Creating A Legacy For Our Future
• Donor Advised Funds - The Perfect Answer

Miscellaneous
• Giving For the Future, Community Foundation of Greater Flint (1/95)
• Covering Territory: Community Foundation Area Funds and Affiliates, Community Foundation For South-eastern Michigan (1991)
• Feasibility Study on the Establishment of a Community Foundation in the Derby Area (4/93)
Appendix C.
Description of Organisations Participating in the Study

Canada

Community Foundations of Canada is the national organisation for community foundations in Canada. In addition to providing a clearing house for relevant information, the organisation provides professional and technical assistance to community foundations, co-ordinates nationwide campaigns and lobbies provincial and national government.

The Hamilton Community Foundation which celebrated its 40th anniversary in July 1995 serves a population of just under 500,000 living in the cities and towns within the Regional Municipality of Hamilton-Wentworth and the neighbouring city of Burlington in the Canadian Province of Ontario.

The Foundation's endowment fund amounts to CA$11,000,000 and in 1993-94 it distributed CA$461,486 in grants ranging from CA$1,900 to pay for choir gowns for the Hamilton Children's Choir to CA$6,000 towards a programme for street youth to CA$8,000 to develop and implement workshops to assist unemployed persons.

The professional staff consists of a full-time director and secretary, a part-time (80%) grants officer and a part-time (40%) financial manager.

The Vancouver Foundation was organised in 1943 and is the steward of over 560 permanent endowments with total capital of CA$400,000,000. It is the largest foundation of any type in Canada and among the ten largest community foundations in existence. The Foundation distributed CA$23,000,000 in 1994 to over 600 recipients distilled from approximately 6,000 initial enquiries.

The Foundation operates with a staff of eleven and only recently hired the first staff member exclusively dedicated to fund-raising.

The United Kingdom

The Association of Community Trusts and Foundations (ACTAF) is the national organisation for community trusts in the United Kingdom. It has played a pivotal role in the introduction and growth of the community foundation movement in the United Kingdom. In addition to developing standards of best practice, ACTAF gives assistance to individual foundations, especially newer ones, provides a focus point for the discussion of important issues and acts as the movement's spokesperson to national government.

The Greater Bristol Foundation is only seven years old, having been established in 1988 and serves the 500,000 or so persons who live within a twenty mile radius of the centre of the sea port city of Bristol in south western England.

The Foundation was a recipient of one of the CAF-Mott Challenge Grants described in Section IX and has built an endowment of about STGE2,000,000 since it inception. In 1993-94 GBF gave out grants of about STGE114,000 ranging from STGE1,000 for enhanced security for elderly persons to STGE500 for improvements to a neighbourhood playground to STGE492 for
childcare facilities for a group of neighbourhood women who meet regularly for sporting activities. Its major concerns are housing and homelessness issues, people with disabilities, isolation and young people.

The professional staff consists of full-time positions of director, deputy director, grants officer and administrator and the part-time position of finance manager.

The Calderdale Community Foundation was established in 1991 and benefited from an ACTAF sponsored exploratory visit to US based foundations very close to its inception. It serves a population of approximately 190,000 persons living in and near the city of Halifax which is located between Manchester and Bradford/Leeds.

Currently CCF has over STG£450,000 in endowment and has an ambitious target of increasing this to STG£2,000,000 by the end of 1996. In 1994 it made grants of STG£33,000 but with the successful match of a challenge grant from Comic Relief, it will be distributing an additional STG£40,000 per annum over each of the next three years. Among its 1994 grants were STG£600 to purchase a dehumidifier for a community arts group, STG£900 to pay an aromatherapist/masseur to relieve severely handicapped persons and STG£2,000 to provide a portacabin for the homeless in Halifax.

Staff consists of a full time director and projects officer/grants officer and a part time administrator.

The Milton Keynes Community Trust was set up by the Milton Keynes Development Corporation in 1987 to ensure that the latter organisation's support of the voluntary sector in the new town of Milton Keynes was continued in perpetuity. The Trust serves a current population of 176,330 within a compact area of 31,000 hectares located on the M1 south of Northampton. However, this population is projected to grow to 207,000 by 1998 and to 230,000 by early in the next century.

The Trust's main priority is to help those who miss out because of poverty, ill-health, disability, etc. However, it also operates several designated funds including one specifically for the arts.

The Trust has invested assets of just under STG£2,000,000 and owns 100% of a subsidiary property company which in turn has assets valued at just under STG£6,000,000. In 1994 it made grants of STG£125,000 ranging from STG£4,000 for a new heating system for a community centre to STG£750 for dance workshops for persons with special needs to STG£1,500 for a conference on anti-bullying.

There are five staff, two of whom are full-time.

The Northern Ireland Voluntary Trust (NIVT) was set up in 1979 at the encouragement of the government of the day as a mechanism to support new initiatives in community development.

The NIVT continues to support new community development initiatives but also aims to have a strategic impact on community needs in Northern Ireland and to influence the thinking of other private foundations, mainline organisations and government in terms of needs that otherwise might go unrecognised.

The NIVT has provided over STG£5,000,000 to thousands of community-based initiatives during its 17 year history. Currently the endowment fund amounts to just over STG£4,300,000. In 1993-94 grants paid amounted to STG£478,000 and ranged from STG£800 for a cross border community development conference to STG£1,000 for a support network for smaller festival groups in east Belfast to STG£6,000 to employ a development worker for the Armagh Travellers' Support Group.

The staff includes seven full-time and two part-time members.

The Tyne & Wear Foundation has served the people of Tyneside, Wearside and Northumberland in north eastern England since 1987 and in that time has distributed over STG£1,000,000 in grants. Its asset base now exceeds STG£5,000,000.
Tyne & Wear was a recipient of a CAF-Mott Challenge Grant and in 1993 launched an area fund designated to the needs of the population of Northumberland.

In 1994 the foundation made approximately 150 new grants amounting to STG£300,000 that ranged from STG£250 to help out visiting seamen to STG£3,000 to a young single mothers project in Northumberland to STG£2,500 for an automotive training programme for unemployed youth.

THE UNITED STATES

The Council on Foundations is a non-profit membership association of grant-making foundations and corporations. Founded in 1943, the Council’s 1,300 members hold over $100 billion in assets and in 1994 distributed over $5.9 billion in grants. It acts as the spokesperson for organised philanthropy in the US and maintains research efforts, support services and special initiatives.

The Charles Stewart Mott Foundation is one of the oldest (1926) and wealthiest (2 billion) private foundations in the world. In 1994 it made grants totalling $57 million.

The Mott Foundation became interested in community foundations in the US in the early 1970s because it is convinced they are an important element within the philanthropic component of a community. One of Mott’s own core missions is to help build strong communities.

The Foundation’s continuing interest is to build the capacity of small, new and revitalising community foundations throughout the world.

Rainbow Research is a social research firm based in Minneapolis, Minnesota that has conducted programme evaluations, leadership development programmes and technical assistance assignments for numerous community foundations in the US, the UK and elsewhere. In this capacity it has been contracted by both the CS Mott Foundation and the Ford Foundation.

The Capitol Region Foundation was established in 1971 to serve the 3,500,000 residents of the Washington D.C. metropolitan area.

Initially started by a group of individuals with a social service orientation it failed to capture the enthusiastic support of significant private sector participants and was not very successful in its first two decades of operation.

About five years ago the foundation’s board was reconstituted under the leadership of a dynamic, prominent and high profile lawyer as chair. He in turn recruited as the new director an experienced and previously successful community foundation executive and over the past five years the endowment has grown from $15 million to $45 million.

The Community Foundation For The Fox Valley Region is one of twenty nine community foundations in the state of Wisconsin. It serves 250,000 persons in three counties in the south eastern region of the State. Fox Valley is also relatively new having been founded in 1985.

Fox Valley’s endowment amounts to $15,000,000 (it was $7,000,000 in 1990) and in the first quarter of 1995 alone it distributed $250,000 in grants. These ranged from $8,000 to help build a youth sports complex to $14,000 to a care-givers burnout prevention programme to $6,000 for a three month artist-in-residence programme for primary schools.

The Milwaukee Foundation was established eighty years ago, one year after the Cleveland Foundation. Today the foundation has about $150 million, but most of the asset growth has occurred in the past ten years. In fact the foundation’s asset base has grown by over $56 million in the past five years.

The foundation made grants of over $6,000,000 in 1994 from over 350 endowment funds under its care to a vast array of projects including neighbourhood preservation, scientific scholarship, treatment of AIDS and summer camp programmes for inner city children.
The Milwaukee Foundation has a professional staff of seventeen.

The Rockford Community Trust, established in 1953, serves a population of 300,000 living in and around the city of Rockford, Illinois. Rockford was one of the foundations that persons from the Calderdale Community Foundation visited when they were establishing the community trust.

Rockford was the recipient of a matching grant from the Ford Foundation under which it raised $1,000,000 in match to Ford's $500,000. Today, the endowment that was started with $14,000 in 1953 and reached $1,000,000 in 1988 amounts to over $10,000,000.

Rockford has attempted to be particularly creative in the distribution of the monies. One of their programmes consists of a neighbourhood outreach in which they provide money at the lowest level in the community. They also engage in a lending programme with community organisations. And they have a programme called "In Youth We Trust" under which young people make donations that are designated to help other young people.

There are currently three staff positions.
PART TWO

THE POTENTIAL IN IRELAND
1 Introduction

1.1 In January 1995 the Combat Poverty Agency with support funding from The Irish American Partnership commissioned a study of the development of community foundations internationally as a first step to analysing the potential for the introduction of community foundations in the Republic of Ireland.

1.2 The results of that study are reported in Part One of this report.

1.3 Among the conclusions and observations set out in the Report are:

• community foundations over time improve the quality of life in the communities they serve;

• their value to the community arises from a number of factors - they serve both the donor and the donee, they build a permanent endowment and they generate increasing resources to meet changing needs;

• the successful establishment of a community foundation generally requires a shared sense of community among a minimum population, economic viability within the community, a geographical focus, an existing voluntary sector and a tradition of philanthropy.

1.4 Following on from the earlier study the Agency commissioned a second study to determine the potential for the introduction of community foundations in the Republic of Ireland.

1.5 This report sets out the study findings and submits a number of conclusions and recommendations concerning the realisation of the potential for establishing one or more community foundations in the Republic.
II Background to the Study

2.1 This study forms the second phase of a three stage process that will, when concluded, provide a detailed business plan for the establishment of one or more community foundations in Ireland. In this phase the applicability of the various elements of a community foundation are considered in an Irish context and certain unique Irish characteristics are examined that will require modification of the international model in order to achieve successful implementation here.

2.2 The terms of reference applicable to this phase of the study are:

- to identify current funding patterns;
- to assess donor criteria;
- to investigate relevant legislative and fiscal issues;
- to document the implications for applying the international model in Ireland; and
- to identify potential locations for community trusts.

STUDY METHODOLOGY

2.3 Two elements of the "Irish context" within which the lessons learned in the first phase study were to be considered have materially influenced the methodology employed in this phase. Firstly, there is a very limited literature/information base to draw upon with respect to philanthropy in Ireland. Secondly, Ireland and its institutions are significantly smaller in every aspect than the societies and institutions studied in the first phase.

2.4 Given the absence of the same "wealth of written documentation" that was available in the study of the international experience, it has been necessary to rely almost exclusively on "asking questions and listening to answers" in this phase. Such an approach invariably limits the information base upon which conclusions are reached and recommendations advanced to the selective distillation of an extensive body of anecdotal commentary.

2.5 However, while the potential influence of subjectivity and bias is acknowledged at the outset, the comparatively small size of Irish communities and institutions enables an astute and well placed observer to develop a much more comprehensive overview of the environment than would be possible in larger societies and institutions. It should also be noted that with the exception of the voluntary agency executives interviewed, few, if any, of the other participants in this study can be seen to have any vested interests in its results.

2.6 The first step in the study was to write to editors of regional newspapers and heads of local radio stations to request interviews with them to discuss the communities in which they were located. These individuals were chosen because their target markets are geographically defined in much the same way that the communities studied in the first phase are geographically defined and because the essence of their business is to understand and serve/report on the communities in which they are located.

2.7 The interviews were intended to accomplish a number of objectives. One objective was to obtain a preliminary view of what constitutes a geographical
community in Ireland vis-à-vis communities in the countries studied in the first phase of the study. A second was to identify examples of successful community enterprises and the people associated with them for further investigation. The third and most important objective was to form a preliminary opinion as to which, if any, such communities meet the criteria suggested for the successful implementation of a community foundation.

2.8 Appendix A lists the questions submitted to the media commentators. However, it is important to note that these questions were simply used as a starting point to a much more open-ended discussion of the experience of and potential for locally based fund-raising for voluntary activities and charitable causes in each commentator’s particular community.

2.9 Interview lists were then drawn up of two additional sets of commentators. One consisted of individuals who could comment authoritatively on how voluntary sector organisations currently raise funds and the second included individuals who are knowledgeable about the criteria that potential donors employ in their decision-making process with respect to financial donations. Each of these individuals was contacted, the purpose of the study was explained, a copy of the full or abridged first phase document was provided to them and after an appropriate interval an interview took place.

2.10 Appendix B lists the persons who were interviewed in the course of this phase of the study. In all cases the person being interviewed subsequently received a written summary of their comments to enable them to revise or further expand on them.

2.11 Although the literature on philanthropy and charitable giving in Ireland is limited, a number of relevant reports, studies and documents were consulted and these are listed in Appendix C.

2.12 A copy of the final draft of this report has been submitted to two reviewers familiar with charitable fund-raising in Ireland to obtain their comments and insight.
III Conclusions and Recommendations

CURRENT FUNDING PATTERNS

3.1 Direct government funding is the largest single source of funding for the voluntary sector and most voluntary and community groups receive government funding from the European, national or local level.

3.2 There are two aspects of government funding that indicate a potential role for community foundations in Ireland. First, it is anticipated that the amount of government funding, at least at the European level, and possibly at the national and international levels will decline in relative terms over the next decade. Given that the voluntary sector need for funding is growing, community foundations could be an effective vehicle for bridging this potential funding gap. Second, government funding is not always available or appropriate for certain non-mainstream community initiatives - an area in which community foundations have been in the forefront of funding in other countries.

3.3 The second largest source of voluntary sector funding is contributions from individuals. However, the bulk of this money is raised from the general public, primarily through street collections and specifically-staged fund raising events. In contrast with the countries studied in the first phase, the public record of Individual philanthropy since the foundation of the State is limited and serious contributions from wealthy individuals are still relatively uncommon in Ireland.

3.4 There is no authoritative data on the level of aggregate business contributions to the voluntary sector. However, there was consensus among those interviewed in this study that the market for corporate donations is already crowded and competitive and becoming more so all the time.

3.5 Raising money from the private sector requires a significant resource allocation for almost every voluntary organisation and tapping private sector sources for sizeable donations requires a resource dedication that is simply unavailable to all but the largest organisations.

3.6 The conclusions set out in the preceding three paragraphs indicate the need for two important roles associated with community foundations in other countries; i.e. as a community vehicle for raising the awareness of the need for and importance of sizeable contributions among wealthy individuals and businesses and as a mentor and additional resource for smaller community organisations in terms of their own fund-raising activities.

3.7 Endowment building is a recent phenomenon in the Irish voluntary sector and only a few organisations approach this funding concept in a disciplined manner. Even those that engage in this practice do not employ the full range of strategies that community foundations have developed in other countries. The particular expertise and commitment to creating a permanent, flexible endowment could be especially effective in bringing new money to the table in Ireland. Indeed, this potential role is one that was mentioned favourably by a number of study participants.
DONOR CRITERIA

3.8 Regardless of the specific criteria adopted by various existing donors, they all have the common need of a mechanism that will identify organisations and initiatives that meet their criteria and that will monitor the use of their donations. As a consequence, there is currently a good deal of duplication in terms of this activity among significant donors and there is also a simultaneous overlap of the same individuals actually carrying out the function under different organisational umbrellas. Hence there is a very real potential role for a single professional and experienced entity, such as a community foundation, to undertake this dual responsibility on behalf of multiple donors.

3.9 The logic set out in the preceding paragraph needs qualification however in terms of governmental donors where specific organisations have already been put in place to fulfill these functions and appear to be operating effectively.

3.10 Donor criteria as documented by governmental, international foundation and business entities and described in participant interviews is basically neutral in terms of the potential for community foundations. That is, the criteria is similar to the donor criteria of comparable entities that contribute to community foundations in other countries and similar also to the criteria that the community foundations themselves apply in their grant-making role.

3.11 Donor criteria among individuals is not particularly encouraging in terms of community foundations. Most donations from the general public are immediate responses to unprompted requests. Where preferences are expressed there is a strong preference for local causes, particularly those that are related to health care and/or involving something tangible. Wealthy individuals who do make sizeable donations choose the church or causes, again often health related, that they associate with personal life experiences. Hence, one challenge that will have to be addressed by a potential community foundation is the need to deliver some early “pass through” funding that will produce immediate tangible results, while the longer term effort to build an endowment gains momentum.

3.12 One positive aspect of the individual and community psyche of Irish people that was revealed in the study was the response to major community fundraising initiatives. By implication a properly structured and promoted challenge grant initiating or fostering a community foundation similar to those employed in the US and the UK should enjoy a strong response in Ireland and could prove vital to the success of the endeavour.

3.13 The concept of “giving something back to the community” does not enjoy the same lustre in Ireland as it does in the communities studied in the first phase of this study. While potentially negative in the sense that the absence of such a core community foundation concept indicates relatively fallow ground in terms of establishing a new entity, it also provides an opportunity for the community foundation to “champion” this concept and as it gains credence to be seen as the natural vehicle through which to realise it.

FISCAL AND LEGISLATIVE ISSUES

3.14 Given the significant degree of government funding to the voluntary sector in Ireland the future development of the sector is potentially vulnerable to future changes in government fiscal policy at all levels. Further, a good portion of existing government funding depends on policy decisions that will be taken by individuals who themselves live far from Ireland.
3.15 Community foundations offer a partial safeguard against future fiscal policies that may be less favourable to community initiatives and organisations than those currently in place.

3.16 The successful development of community foundations elsewhere has been directly influenced by the presence or absence of favourable tax legislation. While the reasons may be historical and subject to change in the face of a well organised lobby, Ireland does not currently have the type of tax legislation in place that has been supportive of community foundations elsewhere. The importance of a change in the current tax legislation cannot be overstated as it is vital to the successful introduction of community foundations here.

3.17 Although Ireland lacks the kind of comprehensive legislation governing charities that exists in most of the countries studied in the first phase, this fact does not present any particular impediment or inducement to the introduction of community foundations.

3.18 There is adequate legislation in the area of organisational structure and investment of assets to support the community foundation model.

**GENERAL CONSIDERATIONS**

3.19 The fact that Ireland is small both in geography and population limits the applicability of certain aspects of the international model as exemplified in the United Kingdom and the United States. The Irish equivalents of Calderdale in the UK or Fox Valley in the US - two relatively small community foundations studied in the first phase - would be Sligo or Ennis and their environs. These are both vibrant communities with numerous local initiatives and organisations; but, if the C. S. Mott Foundation criteria for the successful introduction of a community foundation are accepted, they lack sufficient size in terms of population and economic base to support a community foundation.

3.20 The geographical areas that do possess sufficient criteria to support a community foundation based on the international experience to date include Cork, Dublin, Galway, Limerick, the border counties, the Midlands and the west.

3.21 The country as a whole is small enough in terms of both geography and population to constitute the catchment area for a single community foundation.

3.22 In fact Ireland already serves as the geographical catchment area for the grant-making side of three international foundations that conduct the fund-raising side of their activities exclusively outside Ireland. Given this fact it would seem reasonable that one or all three of these foundations could potentially serve in the critical role as "beneficial guarantor" of one or more community foundations to be established in Ireland.

3.23 Historically, wealthy individuals and even many businesses in Ireland have deliberately avoided public notice with respect to their charitable activities. Those persons of wealth who are publicly identified are more easily accessible than similar persons in larger societies. It would be important therefore for an Irish community foundation to emphasise its ability to serve as a buffer between such individuals and businesses and grant seekers and, where desired, to protect the anonymity of donors seeking this protection.

3.24 The next decade will be a time of transition that may favour the introduction of community foundations at this point in time. Ireland's economy is now witnessing the emergence of more and more financially successful individuals and indigenous businesses capable of
supporting community foundations. The potential reduction in government funding over the next decade has already been mentioned above. The very public focus on community development from the ground up and the changing attitude regarding the balance between dependence on the state and local self-reliance are actually effecting the way communities are addressing the issues that confront them in a way that is clearly in tune with the community foundation concept of meeting the needs of the community by marshalling and maintaining the resources within the community.

POTENTIAL LOCATIONS

3.25 A single country-wide foundation, providing for tailored donations and grant-making mechanisms confined to smaller geographical areas, is a viable concept and given Ireland’s size should be the first approach considered.

3.26 If a smaller geographical/population base is to serve as the prototype, there are four “communities” that comfortably meet the criteria - Cork, Dublin, Galway and Limerick.

SUMMARY

3.27 There are a number of important roles that one or more community foundations can fulfil in Ireland. However, there are impediments to the successful establishment of a community foundation that are particular to the Irish context. Overcoming these impediments will require the presence of four primary factors:

- a growing number of financially successful individuals and indigenous businesses;
- support from the international community foundation movement similar to that provided in the United Kingdom in the 1980s;
- a long-term commitment from a “beneficial guarantor” such as the international foundations currently raising money outside Ireland for distribution within Ireland; and
- enactment of favourable tax legislation.
IV Current Funding Patterns

THE INTERNATIONAL EXPERIENCE

4.1 In the United States, Canada and to a certain extent the United Kingdom community foundations have become an important funding agent in many localities. One of their strengths is that they have clearly brought "new money" to the table, which has in turn been translated into grants to the voluntary sector. Even where the money provided by community foundations is essentially "recycled" and headed to the voluntary sector anyway, the community foundation plays an important role in capturing the money for its community.

4.2 In addition to the money raised by the community foundations themselves the international experience demonstrates that they have also made an important contribution to voluntary organisations by mentoring them in their own fund-raising activities.

4.3 One other differentiating factor about community foundations vis-à-vis other funding sources is their core commitment to creating a perpetual endowment that provides an inherent flexibility to respond to changing needs.

4.4 Whether or not community foundations can fulfil each of these roles in Ireland will to a certain extent be influenced by current funding patterns and their likely evolution in the future.

SOURCES OF FUNDS IN IRELAND

4.5 For most voluntary organisations in Ireland the relative importance of funding sources would work out to be:

- government;
- individuals;
- business; and
- international foundations or funds.

4.6 It is extremely difficult to accurately measure the annual funding from each of these sources. Fortunately, the Policy Research Centre of the National College of Industrial Relations has carried out two comprehensive surveys that provide a credible basis for estimating individual contributions to voluntary organisations. There is no similar authoritative basis for estimating the annual amounts of funding from the other three sources and indeed there is a real need to develop this information. Nevertheless, based on the data set out in a number of documents reviewed and the information obtained in several interviews conducted as a part of this phase of the study, it is possible to suggest some crude estimates of the annual funding from each of these sources. With the above caveats noted the following are the estimated annual funding amounts from each source:

<table>
<thead>
<tr>
<th>Source</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>£275,000,000 - £325,000,000</td>
</tr>
<tr>
<td>Individuals</td>
<td>£220,000,000 - £280,000,000</td>
</tr>
<tr>
<td>Business</td>
<td>£10,000,000 - £30,000,000</td>
</tr>
<tr>
<td>Foundations</td>
<td>£10,000,000 - £15,000,000</td>
</tr>
</tbody>
</table>

The recently published Green Paper, Supporting Voluntary Activity indicates that State and EU funding in 1996 to the voluntary and community sector equalled £487 million (see p.47).

4.7 An important omission in this list of funding sources is the domestic, private or family foundation. Particularly in the US, but also in the UK, these entities are an important source of funds for the
voluntary sector. Furthermore, many of these foundations have been "folded into" community foundations, and in some cases (the Mott and Ford Foundations) they have provided important seed funding for the community foundation movement itself.

4.8 On the one hand the lack of existing private foundations indicates that there is a void in the overall funding pattern that could be effectively filled by the introduction of community foundations in Ireland. On the other hand, it also indicates the lack of a philanthropic tradition, which is one of the criteria considered essential to the successful establishment of community foundations.

GOVERNMENT IS THE FIRST PORT OF CALL

4.9 For most community and voluntary organisations in Ireland the first port of call in terms of funding is government. In recent years the European Union has become a very significant pan-national governmental source of community development funds in particular. In many cases the governmental source is a department of the national government such as Education or Health or Social, Community and Family Affairs. In others the funding source is situated at the local level such as the County Council or City Corporation. In still others it is an agency created by the national government such as Area Development Management or the Arts Council or the Combat Poverty Agency.

4.10 It is quite common for voluntary sector organisations to obtain funding from multiple government entities simultaneously, particularly on a project or service-specific basis.

4.11 This reliance on government was well stated by one agency board member when he said, "If you haven’t got government support, you’ll have a very difficult time maintaining a voluntary agency."

4.12 While almost every voluntary agency relies on government to some degree, it appears that agencies operating in the health care sector are particularly dependent on government with up to 90% of their funding coming from that source. Two other points are worth noting in this context - first, the percentage of total income supplied by government has increased over the past decade at each of the health agencies reviewed and second, the Department of Health funding is increasingly based on a fee for service relationship as a consequence of departmental policy.

4.13 The development described in the preceding paragraph indicates that the future funding pattern in the health care sector may well create a need for one of the traditional roles that community foundations have fulfilled elsewhere - providing funding for demonstration projects, that if successful go on to attract sizeable ongoing government funding.

4.14 Reliance on government funding brings with it certain implications. First and foremost a new agency or organisation has to achieve some degree of "fit" with the broad government policy objectives of the day. Second it is difficult for a voluntary agency to "take on" government on behalf of non-mainstream constituencies, when that agency is dependent on government funding.

4.15 Hence, one funding niche that could be filled by community foundations in Ireland consists of community initiatives that are unlikely to attract mainstream funding or that may not comply with, or may even conflict with existing government policy. This would be consistent with the international experience as every executive and board member interviewed in the first phase identified such funding as a factor that differentiated community foundations from most other funding agents.
HOW PRIVATE SECTOR MONEY IS RAISED ON A REGULAR BASIS

4.16 The primary source of private sector money raised by the voluntary agencies reviewed in this study is small individual donations raised through church gate collections, “flag days” and specific fund-raising events. The prevalence of flag days, i.e. street collections, is a particularly Irish phenomenon. These methods are relatively labour intensive undertakings in comparison with the grant-making process that would apply in respect of government funding.

4.17 It is also worth noting, that for both the donor and the fund-raiser church gate collections and flag days are a relatively anonymous, opportunistic experience. The reactive nature of the transaction from the donor’s perspective is consistent with the data developed in the studies on charitable giving conducted by the Policy Research Centre of the National College of Industrial Relations (the PRC Study) referred to above. This study indicates that approximately 90% of all donations by the surveyed population was in response to unplanned prompting.

4.18 Voluntary organisations also engage in fund-raising that is centred around an event such as an annual function (dinner dance, fun run, celebrity art show, etc.) or a once-off opportunity such as a film première. These event-specific activities provide organisations with an opportunity to significantly increase the size of the individual donations made in comparison with street collections and they also provide an entrée to potential corporate donors.

4.19 Fund-raisers consider corporate giving an increasingly difficult challenge. A number of persons mentioned that fund-raising from the corporate sector is more difficult today than it was five or ten years ago and that more and more businesses look to obtain identifiable promotional value from their donations. It was also noted on a number of occasions that businesses are becoming much more sophisticated about their giving and that the competition for a finite resource is increasing all the time within an ever more crowded market place.

4.20 One area where voluntary organisations have been successful in developing sizeable ongoing private donations from individuals and companies is the arts, where most organisations have programmes to publicly recognise “friends”, “patrons” and “sponsors” who contribute at specified levels on an ongoing basis.

THE SPECIAL APPEAL

4.21 Over 50% of the media executives interviewed were able to cite a successful community fund-raising appeal that had occurred over the past few years to open a hospice, acquire specific medical equipment or build a swimming pool or a leisure centre.

4.22 The National Concert Hall was quite successful a few years ago in raising funds to install a new organ in the Hall and on a much larger scale the University of Limerick was equally successful in funding an entire concert hall.

4.23 Indeed one interviewee with extensive experience in fund-raising for the arts stated that it was comparatively easy to raise a large sum of money for a new arts centre; the challenge arose a few years down the road when making repeated annual requests for ongoing programme funding.

4.24 These kinds of responses indicate that there is a predisposition to the type of highly visible and intense campaign to meet a challenge grant that was cited as important to the initial “lift off” development phase of a number of community foundations in the UK.
THE RESOURCES REQUIRED

4.25 Raising money from the private sector requires a significant resource allocation for almost every voluntary organisation. For instance one national agency employs six persons full time on a regional basis to manage public collections and events that generate about 20% of its annual revenue. Another sizeable national organisation reported that 20% of its personnel was dedicated to fund-raising.

4.26 Every executive interviewed identified private sector fund-raising as an increasingly important element of the organisation’s focus and of his/her own responsibilities.

4.27 The impression created by the responses of executives is that effectively tapping private sector sources for sizeable donations, whether the source is corporate or wealthy individuals, requires a resource dedication that is simply unavailable to all but the largest organisations. In this regard it would appear that the community foundation model could make an important contribution to voluntary sector fund-raising in Ireland - both in terms of the efficiency that would come from a shared resource indirectly benefiting a number of organisations within the community and in terms of the accumulated expertise that currently resides in community foundations internationally.

PERCEPTIONS ON ADEQUACY

4.28 In response to questions about the adequacy of overall funding levels there was a clear differentiation in perception among various people based on a number of factors. One is geography - Dublin based individuals perceived greater adequacy than persons elsewhere. Another is organisational purpose - perception of adequacy appears highest among organisations dealing with mental health and community development, less so among organisations dealing with physical disabilities and even less so among arts organisations. A third factor is the combination of age and size - the bigger the organisation and the longer it has been in existence the more likely the higher perception of adequacy.

4.29 There is also a common perception among everyone asked to address the topic that the current level of available funding is directly or indirectly attributable to the current exceptional level of EU funding. In this regard a number of persons expressed concern about the available level of government funding at all levels post-2000.

POTENTIAL FUTURE TRENDS

4.30 As indicated above the future level of funding from government may well diminish. One executive also expressed the opinion that the relationship with government may well change from the current one of grantor-grantee to one of contractor-subcontractor for specific services on a broader basis than simply the health care sector.

4.31 All of the executives interviewed cited the need to devote greater effort to private sector fund-raising both to increase the existing base of this source of revenue and to offset the potential impact of greater competition for a finite amount of corporate funding. While some organisations already have strategies in place for targeting well off and wealthy individuals, many are only now assuming a pro-active approach to this funding source.

ENDOWMENT AND FLEXIBILITY

4.32 Endowment building is occurring in Ireland, but it is a recent phenomenon and with one or two notable exceptions it
is not being developed with the discipline or sophistication that was a hallmark of the community foundations studied in the first phase.

4.33 In fact the inherent value of a perpetual endowment available to meet the changing needs of a given community was the one aspect of the community foundation model that was most appealing to the participants in this phase who were introduced to the model. It was also seen as the single most important justification for establishing community foundations in Ireland.
V Donor Criteria

THE DONOR SIDE OF THE EQUATION

5.1 Community foundations have a dual constituency - their grantees and their donors - and their responsibility to each is seen as equal in importance. In order to fulfil their responsibility to donors they provide a number of services including:

- identification of appropriate recipients;
- investment and cash management;
- record-keeping and regulatory compliance; and
- leveraging of available assets.

5.2 The success achieved by community foundations in raising what by any standards are very significant amounts of money is attributable to a number of factors:

- the basic concept of a perpetual endowment available to meet the changing needs within a clearly defined geographical community;
- the fact that the foundation knows its community's needs;
- the disciplined application of well tested fund-raising techniques;
- the ability to involve key members of the community in the fund-raising process.

5.3 In the words of one executive interviewed in the first phase - "we meet our donors where they are, not where we want them to be".

5.4 If community foundations are to succeed in Ireland, it follows that they will have to meet the needs of the existing and potential donor universe in this society. Whether or not this is possible depends to a certain extent on the motivation of potential donors.

DONORS FROM OUTSIDE THE ISLAND

5.5 Before examining the motivations of various categories of donors, it is worth noting that one way in which Irish organisations differ from their counterparts in the countries studied in the first phase is that organisations here are much more likely to seek funding either directly or indirectly from entities whose headquarters are located outside of Ireland - examples being the EU, the various international funds and multinational corporations.

5.6 There is another international dimension in the make-up of donors to Irish organisations. In a surprising number of cases substantial funds are raised for local projects in Ireland from individuals resident outside Ireland. In one recent campaign to raise money for a capital project the treasurer for the campaign reported that over 90% of the contributions came from individuals resident outside the country.

5.7 The implication of the phenomenon cited in the previous two paragraphs is that the motivation of these international donors is not "to raise money in the community for the community" or "to keep capital in the community"; unless the traditional linkage of community to a shared geographical area is replaced with a community of interest or race or cultural identity. If the latter is the case, then a modification of the international model for community foundations may well succeed in an Irish context, where the geographical focus is Ireland but the "community" of donors is spread throughout the world.
GOVERNMENT FUNDING

5.8 It is not accidental that government is the first port of call for most voluntary agencies seeking funding. The EU and Ireland are generous donors by global and international yardsticks. Further, the International Fund For Ireland (IFI), although primarily focused on Northern Ireland and the border counties in the Republic, serves as a vehicle through which significant additional supranational government money is channelled to voluntary organisations.

5.9 The EU motivation for the current exceptional level of funding available to organisations and projects in Ireland is twofold:

• to ensure that all member states have adequate structures in place to prosper in a more cohesive community; and
• to offset the disadvantages of Ireland’s peripheral geographical position within the community.

5.10 However, significant amounts of ongoing EU funding also reflect the desire to support local culture and community development per se.

5.11 The Irish government has a long tradition of direct funding to voluntary organisations providing charitable, community, cultural, educational, and health services. The government’s primary motivation is to enhance the life circumstances of the citizens that it serves and the communities within which they reside. However, a secondary motivation is undoubtedly to utilise an existing service infrastructure rather than to incur the full cost of direct delivery of services.

5.12 The IFI exists to financially encourage cooperation, development and prosperity among the two communities in Northern Ireland.

5.13 At the local governmental level it is worth noting that county councils are an important conduit of community development funding when this term is defined broadly to cover necessary physical infrastructure.

5.14 In the case of national and local government the criteria applied by the donor is the effective implementation of government policy with respect to important social and political issues.

5.15 When one considers the services and functions set out in paragraphs 5.1 through 5.3 above, there appears to be little scope for the role that community foundations have played elsewhere vis-à-vis government funding. Indeed one person familiar with the important role played in Northern Ireland by the NIVT as a conduit for government money, who was generally sympathetic to the concept of community foundations, pointed out that other organisations already exist in the Republic that fulfil this role. It would be a bit like reinventing the wheel, if a community foundation were to attempt to assume and or carve out a similar role here.

THE INDIVIDUAL DONOR

5.16 The PRC Study cited earlier points out that the Irish are among the most generous peoples in the world. This is supported by anecdotal commentary about the way in which families and communities have banded together to help their members throughout Irish history and the observation that often people who responded most generously to street collections were those that could least afford to do so.

5.17 The motivation for prompted donations at church gates and on the street, which are the mechanism for the largest amount of donations from individuals, appears to be a personal identification with the
specific cause being promoted. However, since the decision-making process involved in these donations is almost instantaneous and since the fund-raising techniques traditionally associated with community foundations are much more of a planned nature, it is difficult to draw any firm conclusions about the implications of this finding in terms of the potential appeal of the community foundation concept to individual donors. One finding from the PRC Study that does augur well for the community foundation concept is that, among that portion of the survey population expressing a preference for specific causes with respect to their donations, local causes received the highest preference by far. This finding was corroborated by the frequent theme that was expressed in the interviews conducted in this study, that people are pre-disposed to respond to requests tied to local causes - particularly those relating to health care.

5.18 When it comes to the next level up from street collections, a couple of motivations have been identified as important. People are more likely to contribute to campaigns that are aimed at acquiring or building something tangible for the community. Health-related construction and equipment - hospices, nursing homes, CAT scanners - receive particularly strong support at the local level.

5.19 This attraction to bricks and mortar, tangible results, confirms similar attitudes commented on in the first phase interviews and indicates that community foundations will face the same challenge in Ireland that they have faced every where else - how to produce “results” while simultaneously growing the core endowment.

5.20 One interesting finding in the PRC Study is that, while Irish people are more likely to make donations than persons in other countries, the average amount of the donations made does not come anywhere near the top of the international comparison table. Hence, the motivations discussed above do not necessarily hold true for those individuals who would be targeted for what the professional fund-raisers refer to as “serious money”. This is important, because one of the greatest successes claimed for community foundations internationally has been their ability to tap “serious” individual wealth for the benefit of the communities that they serve.

5.21 Serious money, which in Irish terms is £10,000 or more according to the persons interviewed in this study, requires a strong personal identity with the cause for which the money is being raised. Based on the experience of several different sources with extensive professional experience advising donors who have made donations at this level, church-related causes are still the most probable to attract serious money with health-care related causes the next most likely.

5.22 The opinion was also expressed by the professional financial advisors interviewed in this study that the likelihood of wealthy persons with children making serious contributions to charity is less than 10%. (This is consistent with both the data set out in the PRC Study and with the relative absence of private foundations). It therefore seems reasonable to conclude that to date Irish people who have accumulated any degree of wealth feel a very strong and almost exclusive responsibility to hand on their assets to the next generation.

5.23 Unless the current generation of emerging wealthy persons possess a markedly different set of motivations than their predecessors, Ireland may prove to be a much less fertile soil for raising sizeable individual contributions than the countries studied in the first phase.
THE BUSINESS DONOR

5.24 Businesses are made up of people; and except for the very largest corporate donors (perhaps two dozen or so entities in Ireland) business donations are a very personal transaction between the person who asks and the person who gives. The process as described over and over again in almost identical terms by close to two dozen interviewees is not unlike the rounds system in the pub. When executive/business owner A agrees to a donation, he acquires a chit to in turn obtain a similar donation from the asker, executive/business owner B, the next time when the roles are almost invariably reversed.

5.25 While the process described above is very personal in nature; it is, nevertheless, very much a business based transaction. While it is a given that there will be an existing personal relationship between executives/owners A and B, it is the business element of the relationship that forms the glue that binds the two stage deal together.

5.26 Promotion and networking opportunities are also important criteria for businesses in terms of a specific decision to support a specific charitable event. Also, particularly in the arts, businesses seek to leverage their donations with discounts for employees and as corporate entertainment opportunities.

5.27 A much greater percentage of businesses would also be counted on to make sizeable donations - relative to individuals - to specific, high profile capital project campaigns in a given locality. The motivation here involves the herd mentality to a certain extent; it is difficult to be seen as the odd man out where the project will have an important impact on the local community and where it also enjoys significant and widespread public support.

5.28 Nevertheless, in every region and locality in the country the media people who were interviewed were able to name a number of businesses, who could be categorised as true corporate citizens and who are almost pro-active in seeking out opportunities to enhance the quality of life in the communities in which their operations are located. While such examples are the exception, there are in the opinion of the persons interviewed more of them today than there were ten or twenty years ago.

5.29 To the extent that the attitude of businesses towards the well-being of their communities is becoming more benevolent and enlightened and to the extent that this can be translated into financial commitment, the potential increases for community foundations to identify, encourage and consolidate this development.

INTERNATIONAL FUNDS

5.30 Three international funds that source money elsewhere make sizeable contributions to voluntary organisations in Ireland - both North and South:

- the Atlantic Foundation;
- The Irish American Partnership; and
- the Ireland Funds.

5.31 Interestingly, the Atlantic Foundation, which to date has been the largest donor of the three (£60,000,000 distributed since 1990), has until very recently carried out its activities anonymously. However, based on information released to the media outlining the size and extent of its donations in Ireland, it appears that this foundation has targeted a number of issues that are addressed on the ground by voluntary sector organisations.

5.32 The Irish American Partnership is primarily concerned with economic development and education and has as a clear aim the encouragement of US industrial
Investment in Ireland. Nevertheless, while the majority of its grants are enterprise or education-related, some of the grants are aimed at cultural and historical projects.

5.33 The Ireland Funds raise money in nine different countries (but over 85% of the money is US based). Its criteria for grants, which are relatively flexible, come under the very broad headings of peace, culture and charity. In 1994 the Funds distributed over $3 million to 200 projects in Ireland.

5.34 In fact the Ireland Funds are in many ways a kind of an international community foundation for Ireland. The fund-raising techniques employed by the Funds are identical to those employed by community foundations in the US, Canada and UK. The America Ireland Fund, which is the oldest and the largest national fund within the group, has set up an endowment which currently amounts to $7 million and is targeted to grow to an ambitious $50 million by the year 2000. It even uses the same terms as community foundations - unrestricted funds, named funds and field of interest funds - and the motto used in its literature on these funds also has a very community foundation like ring to it - Permanent Funds for a Changing Land.

5.35 The similarities and links continue. A number of the board members of the Fund have also been involved in the community foundation movement in the US. The Chairman of the Advisory Committee in Ireland is Maurice Hayes, who was instrumental in the establishment of the NIVT. However, the most striking similarity is the list of grants themselves. With a few placename changes, the Funds' list of grants could easily be mistaken for the list of grants of any of the community foundations studied in the first phase of this study.

5.36 Any effort to establish one or more community foundations in Ireland must take into account the potential role that the Ireland Funds could and/or would play in that endeavour.
VI Fiscal and Legislative Issues

THE FISCAL ISSUES

6.1 While it was concluded in phase one that the development of community foundations was not particularly effected by either a positive or negative bias in government fiscal support of the voluntary sector, Ireland does differ from the countries studied in that phase and the same conclusion may not hold true here. None of those countries were such net recipients of supra-national support for voluntary endeavours and with the possible exception of the UK none has the same tradition of such direct government financial support of voluntary agencies.

6.2 Government at all levels in Ireland has demonstrated a long standing commitment to funding voluntary sector activities. Further, there does not appear to be any change in this commitment. Indeed, there appears to be a striking contrast between the government stance in Ireland and government retrenchments in a number of other countries in Europe and the Americas.

6.3 To the extent that unemployment remains a central political issue the commitment referred to in the preceding paragraph is reinforced. This is the case because a major component of government support of voluntary agencies at the national level consists of employment experience and training schemes in which government money is channelled through voluntary agencies to persons who would otherwise be registered as unemployed.

6.4 The one dark cloud on the horizon is at the European level, where it is reasonable to anticipate that the level of funding available will decline rather dramatically over the first decade of the next century. This along with the pressures of retaining membership in the EU inner circle on monetary union may well have a significant knock on effect on the Irish government’s future ability to remain relatively generous to the voluntary sector.

6.5 Because the International Fund for Ireland consists of government money, the future flow of this income source is also open to reconsideration as those governments make comparative fiscal judgements about foreign aid expenditures on a country that more and more deserves the description of “the Celtic Tiger” rather than “the Auld Sod”.

6.6 If the stream of government money does slow down, the need to identify alternative sources of private sector funding will become increasingly important and in that climate the potential for the establishment of community foundations in Ireland would be significantly enhanced.

THE LEGISLATIVE ISSUES - TAXATION

6.7 One of the consequences of the level of direct government support for the voluntary sector is that there is not the same incentive for the government of the day to introduce favourable tax legislation for charitable contributions as there is in countries such as the United States where the tax regime has been particularly encouraging to community foundations. Further, because many Irish companies enjoy a corporate tax rate of 10% and given that there has not been a strong
tradition of individual philanthropy during the existence of the State, the "demand" for such legislation has not existed to date.

6.8 Nevertheless, various national governments have demonstrated a willingness to provide tax incentives in a number of specific cases, such as

- works of artistic merit;
- film production;
- the First Step organisation;
- the Enterprise Trust;
- Irish charities and charities working in the third world; and

6.9 However, it must be recognised that these examples are more reflective of an ad hoc, piecemeal approach than of a comprehensive co-ordinated strategy to encourage private sector donations to the voluntary sector. Favourable tax treatment for artists has an extremely limited application. First Step and the Enterprise Trust are special one off cases. Film production is essentially a commercial endeavour and when a recent study showed that the net impact on the exchequer was negative, the scope of the programme was cut back. There was little cost to the exchequer in connection with the contributions to charities working in the third world, because the government was able to claim a credit for the foregone taxes against its direct aid commitment. Section 32 donations are limited to support for the advancement of education in the arts.

6.10 The US experience clearly demonstrates that the explosive growth in numbers and assets of community foundations is closely tied to the favourable treatment that these organisations enjoy under that country's tax regime. Community foundation executives in every other country studied in the first phase also cited favourable tax treatment as a major positive or negative influence on the successful development of community foundations.

6.11 It would therefore seem an inescapable conclusion that, unless the tax treatment of private sector donations is made more favourable in Ireland, the introduction of community foundations will face a major impediment here.

THE OTHER LEGISLATIVE ISSUES

6.12 Community foundations are without exception qualified as charities in all of the legal jurisdictions in which they have been established. In Ireland there is as yet no register of any kind for charities, nor is there an independent body responsible for the supervision of charities. Rather, there are a number of criteria that the Revenue Commissioners employ in considering an organisation's application for charitable status for tax purposes which derive from an 1891 Tax Court case:

- the relief of poverty;
- the advancement of education;
- the advancement of religion; and
- other purposes (of a charitable nature) beneficial to the community, not falling within any other heading.

6.13 It certainly seems reasonable to assume that a community foundation would qualify under the final criteria listed in the preceding paragraph.

6.14 The business form of company limited by guarantee, which is used by many existing charities in Ireland, would also seem quite appropriate for the legal structure of a community foundation.

6.15 Similarly, there do not appear to be any impediments in Irish law to the creation of an invested endowment which is the cornerstone of the community foundation concept.
VII General Considerations

THE IRISH ENVIRONMENT

7.1 A good deal of the discussions that occurred in the course of this phase of the study involved attempts to identify particular characteristics of contemporary Irish society that would potentially influence the success of efforts to establish community foundations here. While these characteristics are general in nature and their potential impact is more difficult to document than the specific factors considered in previous sections of this report, a careful analysis of these characteristics is still a worthwhile exercise in terms of developing a successful strategy for introducing community foundations in Ireland.

7.2 In considering these characteristics it may be helpful to recall the indices that the C. S. Mott Foundation has identified as necessary for the successful establishment of a community foundation:

- a minimum population base of 100,000 to 150,000;
- economic viability as indicated by various industrial indices;
- a geographical focus;
- a sense of community cohesiveness;
- a tradition of philanthropic giving; and
- an existing voluntary sector.

SIZE

7.4 A town of 2000 is considered big by Irish standards. There only two metropolitan areas in the country with a population in excess of 200,000. The entire population of the Republic is smaller than the population served by a number of community foundations in the US.

7.5 While the potential location of one or more sites for establishing a community foundation is taken up in detail in the next section, it is worth noting here that community foundations - like so many other entities in Irish society - will have to deal with the issue of critical mass. Trade unions, professional bodies, many commercial firms and even some charities operate in Ireland as branches of entities situated somewhere else.

7.6 Another aspect of the issue of critical mass is that the most successful indigenous Irish businesses are forced to pursue expansion outside Ireland. This tends to diminish the potential concentration of human and financial resources here; whereas, just such a local concentration underpinned the development of numerous community foundations in North America in what were in the best sense of the term, company towns.

PLACE

7.7 With a few exceptions the strongest identification with place appears to occur at the smallest unit - the neighbourhood, the parish, the village. The next steps up would be the county and then the country. Provincial and regional
identification do not appear to be that important. There are some possible exceptions. It is not uncommon for people from the west or the midlands to describe themselves as from those regions, but usually only after they have given a county identification. Also, in recent years the significant concentration of attention and financial resources on the counties bordering Northern Ireland has encouraged a new regional identity in that area.

7.8 The implications for community foundations of Irish identification with place flow from the need to confirm the simultaneous presence of three criteria set out in paragraph 7.2 - a minimum population base, a geographical focus and a sense of community cohesiveness. With the exception of Cork, Dublin, Galway and Limerick the minimum population base needed to support a community foundation according to those criteria would require a combination of more than one county, i.e. a regional base. This requirement in turn weakens the strength of the other two factors - geographical focus and sense of community cohesiveness.

7.9 Ireland's institutions and population tilt to the east. On the one hand this encourages the concentration of economic, cultural and political development in and around Dublin and would tend to favour the capital city as the preferred site for a community foundation. On the other hand this phenomenon has caused a reaction, particularly in the west, that has accentuated the sense of commonality among the greater population of several counties in that region to an extent that would not be found in other regions of the country.

7.10 Most of the people in this world who describe their ethnic status as "Irish" do not live in Ireland. They are citizens of many other nation states and in the majority of instances are second or third generation natives of those countries. Yet these people do indeed identify to a greater or lesser extent with the place Ireland and their historical and current willingness to make a financial contribution to the people who live in Ireland is something that should be carefully considered in terms of the potential for the successful establishment of an Irish model for community foundations.

NOTICE

7.11 It may not be unique, but the degree of anonymity sought by Irish individuals of wealth concerning their wealth and their philanthropic activities is atypical in comparison with both the United Kingdom and North America. The professionals dealing with wealthy individuals, who were interviewed in this study, were of the opinion that the great majority of Irish individuals with wealth comparable to the archetypal individual donor of serious money to community foundations in the US would be the type of person who is termed a "private client" here. A private client is just that - a person who expects total privacy concerning financial matters and does not want any public disclosure of true financial status, particularly in the community in which he/she resides.

7.12 Those persons who do come to public notice for personal wealth and potential generosity in Ireland expose themselves to continuous solicitations, because their numbers are so few and the level of access to a wealthy person is perhaps greater in a small society such as Ireland than it would be in the UK or the US.

7.13 Even the corporate sector appears to prefer to make a sizeable portion of its donations anonymously. This phenomenon was commented on first by the media executives interviewed. Phrases
such as “they do a lot quietly” and “you’d be surprised at some of the contributions they’ve made” and “they don’t want it getting around” cropped up in many of these discussions when the topic of contributions by businesses was raised. And then it was confirmed by the comments of several of the corporate executives involved in their companies’ donations programmes.

7.14 This aversion to public identification runs contrary to a number of aspects of the appeal of community foundations to donors in other societies - the public demonstration of commitment to community of origin, the ability to memorialise a family member, the inclusion in the donor “club”. On the other hand this same factor could be specifically catered to by Irish community foundations in that they could emphasise their capacity to accept anonymous donations and to act as a buffer between donors and potential grant seekers.

TIME

7.15 An interesting feature of the interviews that took place in connection with this study is the recurrence of the theme of time. Several of the interviewees referred to time as a partial explanation as to why Ireland may not be as fertile an environment for the introduction of community foundations as the US was when they developed there or the United Kingdom was in the past decade. Yet, several other participants referred to time in the context of this being a time of evolution and a moment of change that may well prove favourable to the establishment of community foundations.

7.16 Those who believe that time is a negative factor point out that Ireland is a young country. Its economy was agricultural and rural until the last generation. The wealthy person is only beginning to emerge in any observable numbers in the current generation. A good portion of successful indigenous industry is less than two decades old. It takes time to develop corporate and individual wealth.

7.17 It is in this context that it is understandable that Ireland lacks one of the key indices identified by the Mott foundation - a tradition of philanthropic giving. As a consequence one of the critical decisions to be faced by the promoters of the community foundation concept is whether or not Ireland is able and ready to provide the donor support necessary to sustain a community foundation.

7.18 The participants who saw time as a positive factor made a number of observations. On the supply side they point out that during the past decade there has been an extraordinary societal focus on the creation and fostering of economic development and entrepreneurship. Coincidentally, there are more and more public success stories of indigenous businesses and entrepreneurs.

7.19 On the demand side they point out that this is an exceptional moment in terms of availability of EU funding; but that time is running out for this important source of financial resources for the voluntary sector.

7.20 As a consequence of both the supply side and demand side influences it is argued that the next few years may prove to be a particularly fortuitous time to introduce this new form of charitable institution here.

SPACE

7.21 All the participants in this phase of the study were asked directly whether or not they thought there was “room” for a new entity such as a community foundation or whether the introduction of this new entity would simply duplicate existing organisations.
7.22 The consensus response to the questions posed was that there are a number of existing entities that already fulfil part of the roles of a community foundation as described in the first phase report. These include county enterprise boards, area partnerships, the People In Need Trust, cause-specific organisations such as the Irish Youth Foundation and the Irish Hospice Foundation and the international funds that raise money for Ireland. Hence, duplication is an issue that may exist more so in Ireland than it did in other countries when community foundations were first introduced.

7.23 Nevertheless, it was also generally agreed that there is a thriving voluntary sector demanding ever more financial resources to fulfil its multiple missions and the community foundation model appeared to have a recognisable potential to help address the perceived growing need for increased funding.

7.24 One difficulty in terms of "space" for community foundations is that voluntary organisations in Ireland recognise that raising serious money is a person-to-person transaction in which the identity of the person making the request is important. As a consequence, existing organisations are constantly targeting potential board members from among the emerging group of wealthy entrepreneurs and therefore a community foundation will have to compete for this finite and critical resource.
VIII Locating the First Foundation

ONE FOUNDATION FOR ALL OF IRELAND?

8.1 Ireland is significantly smaller in both geography and population than any of the other countries examined in depth in the first phase of the study. Indeed, there are a number of community foundations in the United States that serve populations that exceed the total population of the Republic. Further, one of the great success stories of the community foundation movement and the one closest to home - the NIVT - covers the whole of Northern Ireland.

8.2 Also, a number of the participants in the first phase study made the point that it is easier to restructure an existing successful community foundation covering a large area to more closely reflect the needs and aspirations of people within various subsets of that area, than it is to consolidate two or more relatively unsuccessful community foundations serving adjoining smaller areas.

8.3 Further, The People In Need Trust has demonstrated that it is possible to coordinate a nation wide fund-raising/grant-giving programme utilising a central staff and headquarters location situated in Dublin in such a way that those involved at the ground level - on both sides of the equation - emphasise the local, i.e. community nature of the process.

8.4 To cite another example, the international foundations discussed in Section V are quite similar to the community foundation model (particularly the Ireland Funds) in that they raise money for a series of purposes all relating to a geographical location. That location is Ireland (including Northern Ireland) and these organisations have been successful in supporting numerous community initiatives throughout the island.

8.5 These factors tend to indicate that a single country wide foundation should be carefully considered and only if this is ruled out by compelling arguments the first effort to establish a community foundation in Ireland should be national in focus.

THE CASE FOR A MORE LOCAL MODEL

8.6 The vast majority of community foundations in existence were created because somebody, somewhere became committed to the realisation of the community foundation concept in their community. Further, the community that generated this level of commitment has in most cases consisted of a geographical/population base constituted by a metropolitan area or region rather than an entire nation state.

8.7 There is an impressive array of community initiatives of all kinds taking place throughout Ireland that are entirely local or regional in nature. However, the funding is in most cases dominated by government at the local, national and international level, the initiatives are focused on specific causes and the communities themselves are the size of a parish or town or county that does not meet the C. S. Mott criteria listed earlier in this report.

8.8 As indicated in paragraph 7.8 there are only four "communities" that comfortably meet most of these criteria - Cork, Dublin, Galway and Limerick.
Appendix A.
Questionnaire to Media Commentators

PERSON: ___________________ ORGANISATION: ___________________

1. What are the geographical boundaries of the community that you serve?

2. What is the population of your community?

3. Who is or are your nearest similar community neighbour(s)?

4. Who are the major employers in your community?

5. Are there any issues around which people in your community have come together in the past five years?

6. Are there any organisations that operate primarily within your community that are particularly admired?

7. Are there any individuals who spring to mind as embodying "community spirit" or community leadership?

8. Are there any individuals or organisations who would be seen as community benefactors?
Appendix B.
List of Interviewees

LOCAL MEDIA EXECUTIVES

Bromley, John - The Donegal Democrat. The paper covers County Donegal and parts of North Leitrim, North Sligo and West Fermanagh.
Claffey, Paul - Mid West Radio. The station covers Mayo.
Collins, Charlie - Highland Radio. The station's core area is Donegal, but it extends to the entire Northwest, including a chunk in Northern Ireland.
Considine, Dominic - Clare FM. The station covers Clare and parts of Galway, Limerick and Tipperary.
Corr, Tom - The Nationalist. The paper covers Tipperary, particularly south Tipperary.
Cox, Valerie - East Coast Radio. The station covers County Wicklow.
Crawley, Michael - LM FM. The station covers the border counties of Armagh, Cavan, Down, Louth and Monaghan as well as County Meath.
Darling, Tom - Carlow Kildare Radio. The station covers the counties of Carlow and Kildare.
Delaney, Niall - North West Radio. The station covers all of Sligo, North Leitrim and South Donegal.
Fennelley, Teddy - The Leinster Express. The paper covers the South Midlands, including the counties of Laois and Offaly and parts of Carlow, Kildare, Kilkenny, Meath, Tipperary and Westmeath.
Finn, Seamus - The Sligo Champion. The paper covers Sligo and parts of Leitrim, Mayo and Roscommon.
Finnegan, Keith - Galway Bay FM. The station covers Galway City and County.
Halligan, Brendan - The Limerick Leader. The paper covers Limerick city and county, east Clare, north Kerry and west Tipperary.
Hayes, Carmel - The Kilkenny People. The paper covers Kilkenny and parts of Carlow, Laois, Tipperary, Waterford and Wexford.
McHugh, Christina - Roscommon Herald. The paper covers Roscommon and parts of Galway, Leitrim, Longford, Mayo and Sligo.
Murphy, Paul - The Drogheda Independent. The paper covers Louth, Meath and north County Dublin.
Nash, Joe - Radio Limerick 95 FM. The station covers Limerick city and county, east Clare, north Cork and west Tipperary.
O'Connell, John - Tipp FM. The station covers County Tipperary.
O'Dea, Frank - The Clare Champion. The paper covers all of Clare and most of South Galway.
O'Hanlon, Johnny - The Anglo Celt. The paper covers Cavan and Monaghan.
Purcell, John - Radio Kilkenny. The station covers Kilkenny city and county.
Quinn, Martin - Tipp Mid West Radio. The station covers the area of Tipperary town, Cahir and Cashel and extends into east Limerick.
Reilly, Terry - Western People. The paper covers north Mayo and parts of Sligo.
Roe, Tom - Dundalk Democrat. The paper covers County Louth.
Roylanse, Clive - South East Radio. The station covers Wexford and parts of Carlow, Kilkenny and Waterford.
Slevin, Gerry - The Nenagh Guardian. The paper covers north Tipperary and parts of Limerick and Offaly.
Waller, Vicki - The Leinster Leader. The paper covers Kildare, east Offaly, southwest Dublin and west Wicklow.
Walsh, Gerard - The People Newspaper Group. The paper covers Wexford and Wicklow.
Walsh, Kieran - The Munster Express. The paper covers Waterford and parts of Kilkenny, Tipperary and Wexford.
Walsh, Paddy - Donegal People’s Press. The paper covers eastern Donegal.
Whelan, Des - WLR FM. The station covers Waterford and parts of Kilkenny, Tipperary and Wexford.

COMMENTATORS ON VOLUNTARY AGENCY FUNDRAISING
Cullen, Bill - Irish Youth Foundation
Dolan, John - The Irish Wheelchair Association
Fitzgerald, Caroline - Irish Youth Foundation
Hogan, Tom - The Galway Association
Lane, Brendan - Lane Leonard O’Reilly Costelloe, Limerick
McCormack, John - The Irish Cancer Association
Sheerin, Niamh - The Irish Hospice Foundation
Watson, Gerry - COTHÚ, The Business Council For The Arts
Woodworth, Judy - The National Concert Hall

COMMENTATORS ON DONOR CRITERIA
Akins, Kingsley - Executive Director, The Ireland Funds
Butler, Jerry - Marketing Manager, Trust Services, Bank of Ireland
Cassidy, Harry - Head of Investment Division, Guinness & Mahon Private Bankers
Feeley, Jarleth - Director, Galway Chamber of Commerce And Industry
Lane, Brendan - Partner, Lane Leonard O’Reilly Costelloe, Limerick
Langford, Sylva - Department of Social Welfare (now Department of Social, Community and Family Affairs)
McCarthy, Dermot - Office of the Taoiseach
McNamara, Claire - Guinness Ireland
O’Kelly, Barry - Corporate Affairs Dept., Bank of Ireland
Porteous, Maureen - Strategic Development Unit, AIB
Shortall, Paddy - P. F. Shortall & Associates, Chartered Accountants
Turpin, Frank - Intel Ireland
Whelan, Barney - Corporate Affairs Department of the ESB
Appendix C

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Community foundations are charitable organisations that seek to build a permanent endowment fund that will provide financial and other resources to meet a specific community's need particularly through fundraising, grantmaking, donor advising, mentoring and research.

This report is the outcome of two-phase study which firstly, reviews the development of community foundations internationally, and secondly analyses the potential for the introduction of community foundations in Ireland.

The second part draws on lessons learned about community foundations internationally and discusses their Irish potential, taking into account the particular characteristics of an Irish context.