

# The Advantages of Giving to a Community Foundation

Community foundations are one of the fastest growing and most dynamic networks in the voluntary sector in Canada, across North America and around the world. They have the extraordinary opportunity to influence the capacity of our communities to face present and future challenges – not only in their role of building financial assets and fostering creative grantmaking, but also by offering leadership and building bridges between the diverse groups that give our communities life.

The 'community foundation difference' can be characterized in many ways. The following are some of the advantages of giving to a community foundation that professional advisors may wish to share with their clients.

## Community Leadership and Impact

Community foundations often serve as a knowledge hub in the community – convenors, facilitators and community experts – helping donors target their support to address pressing societal needs and promising opportunities. Your clients will appreciate the opportunities for leverage to increase the impact of their philanthropy that can result from combining their support with that of many other donors and funders.

## Permanence and Continuity

Community foundations can guarantee the fulfillment of a donor's charitable intent for community-wide purposes in perpetuity. The size of your client's fund can be increased at any time through additional gifts to the capital account during their lifetime, and/or through a bequest by will at death.

## Flexibility

A community foundation will undertake the responsibility to ensure that all gifts received and endowed funds established are used for the purposes directed by a donor. Your client will appreciate knowing that should the original purpose of a gift become impractical, unnecessary, or inconsistent with the realities of the community in the future, the Board of Directors can redirect the use of funds to other similar or related areas of activity where the donor's interests can continue to be most closely realized.

In addition, the community foundation can enable donors to direct support from their *donor-advised* funds to different charitable causes over time as the needs of the community and the donor's charitable interests evolve.

## Options for Giving

Your client can fulfill nearly every charitable intention through the programs and services offered by a community foundation. Most organizations maintain a variety of funds under management, allowing contributors to choose the fund options that most closely reflect their philanthropic intentions.

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## Investment Expertise

Your client will appreciate the time and expense saved on the investment of their contributed funds, assured that gifts to the community foundation are professionally invested and managed.

## Professional Management

Your client will be reassured to know that many community foundations engage a professional staff to provide the appropriate administrative and managerial support to a responsible volunteer board and its committees, comprised of leaders drawn from across the community.

## Recognition and Stewardship

Funds disbursed from donor-restricted funds are identified to the recipients by the name of the donor(s) that created the endowed fund. Your client can, of course, request anonymity with the assurance and his/her wishes will be respected.

As donors, your clients will also be entitled to receive periodic reports on fund performance, a listing of grant distributions made, updates on the activities of successful grantee organizations and the outcomes produced. Often, it is this information that helps donors make more informed gift decisions in response to future opportunities.

## Simplicity

Community foundations offer the convenience of one-stop shopping:

- simplifies record-keeping
- prepares tax-returns
- donors can time gift to match cash flow and tax benefits
- avoids the complexities often associated with creating and administering a private foundation

## Cost Effective

Community foundations offer an attractive alternative to those considering the establishment of a private foundation. As long as your client's interests are focused on supporting projects approved for funding in the community, a community foundation can produce the results your client is seeking, while limiting the ongoing administrative work and costs that otherwise might be involved. A client wishing to create a fund has simply to contact the local foundation to set up an arrangement that best suits his/her needs.

There are no legal fees attached to setting up a fund within a community foundation, and all tax and other reporting responsibilities for the fund are assumed by the foundation. The foundation will also handle all grant requests, disbursements, receipting obligations and all administrative and financial management requirements for the fund.

## Attractive Tax Benefits

Community foundations are *registered charities* that are designated by the Canada Revenue Agency (CRA) as *public foundations* under Canada's federal *Income Tax Act*. Thus, gifts made at any time will generate a charitable tax receipt and produce important income tax advantages for your client.