

## What Is a Community Foundation, Anyway? (1990)

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*This essay is adapted from a memorandum sent to The Dayton Foundation's Governing Board in November 1988. Bartenstein, a six-year veteran of the position, serves on the Research Committee of the Council on Foundations and the Data Gathering Task Force of the National Agenda Project.*

The community foundation movement has been around for 75 years and has yet to come up with a satisfying definition of what it is and what it does.

One of the big problems has been that word "foundation," which most people think means "a place you go to get money" or "a large body of money surrounded by people who want some." Grantmaking doesn't work as our defining characteristic, if only because there are so many other entities out there doing it, too. If it was up to me, we'd take that word "foundation," throw it in the creek and make up a new last name.

Now "community" has more going for it. We are clearly a community institution, and can play a valuable and unique role within our local area. A city which has a United Way, a school system, a city government, a planning commission and a chamber of commerce might also want to have a community foundation.

Why? Is a community foundation anything more than a good excuse to raise money and give it away?

We make grants, but we're more than a grantmaker. We raise money, but we're not primarily a fundraiser. We are involved in leadership activities, but we're not the community think tank.

What the community foundation does is provide services — all in an area the IRS has defined as "exempt" — for three distinct constituencies: charitable donors, non-profit organizations and the community at-large.

For *charitable donors*, we structure permanent and temporary funds. We offer program investigation, reporting, investing, monitoring and administrative services. We also offer economies of scale, and access to a wealth of knowledge about the community, its needs, and the capacity of various organizations to meet them. We offer donors recognition and a continuum of donor services, ranging from check writing to immortality (if they wish to create permanent endowment funds). We provide technical support to donors' attorneys, accountants and other financial advisors. The community foundation functions as a useful and cost-effective partner for corporate and individual philanthropies, large and small.

For *non-profit organizations*, we are structured to provide a source of funds for both routine and emergency needs. We are capable of taking risks with a grant applicant which few other funding sources will assume.

We are well-positioned to hold, invest and disburse endowment and project funds for non-profits who seldom have the specialized expertise or manpower to perform these functions well.

Not everything we do for non-profits involves money. Training and technical assistance is a logical niche for a community foundation. We can also provide networking connections, information and perspective across a large and poorly integrated sector of our community. Where else do arts talk to health, social services to education, or conservation to economic development?

For the *community at-large*, perhaps our most important function is the formation and preservation of charitable capital. Communities with access to substantial reserves of charitable capital are demonstrably better off than those without them. But whose job is it to see that some of the net worth of each generation is set aside for future needs? Should a city leave this to chance, and hope that a multimillionaire philanthropist will land there every century and leave some behind? Past experience tells us that charitable fortunes tend to gravitate to specific institutions, to national agendas or to descendants increasingly scattered across the landscape.

Community foundations play other valuable community-serving roles. We nurture the non-profit sector as a whole, and help it to integrate with other structures. We promote organized philanthropy by individuals, corporations and organizations. We recognize change and convene leadership to respond to it.

While we can encourage and cultivate philanthropy, community foundations do not create wealth. Our services are essentially market-driven; our constituents define in very real ways what we do, when, and how effectively we do it. Boundaries to services we perform are geographic. They are legal – we limit ourselves to activities which are exempt under the tax code. And they are practical – we can't do more than we are technically able to handle or more than our constituents will allow us to undertake. I don't think there are any other important barriers.

So, how do we become better at what we do?

First, we should plan and organize our work in a deliberate manner. Our planning task in a market-driven environment is to define our customer base: who we serve well, who we could serve better and who we're not serving at all. Our developmental task is to build our capacity to serve, to maintain and build the quality of that service, and to stretch and grow by devising strategies and executing them.

Second, I believe the better community foundations maintain a healthy balance among their attentions to the three primary constituencies. There's a stability, creativity, alertness, and an honesty which grows out of that balance. If the stool slides toward one of its three legs, it is weaker than when in balance. I believe there's a valuable process at work when the interests of donors, non-profits and the community rub up against each other. Those interests can be close, but they are never fully congruent. Some of the best learning a city does is in finding, not just consensus, but the new consensus among those interests.

Third, the best community foundations embody a commitment to diversity and to permanence. America has never been a monochromatic society. Our history as a melting pot underscores the value of cultures, races and classes finding their shared values and a (sometimes uneasy) working relationship. Community foundations can attempt to encompass in their governance and staff, not a Noah's Ark, but at least the elements that will share a community's destiny.

We're also in it for the long haul, in a way that almost no other institution can be. Because we're designed for permanence and to respond to change, I argue that it is our unique responsibility to consider the interests of the future in everything we do. That's why we build and conserve permanent endowments, and try to convince people to restrict them as little as possible.

Community foundations are a self-regulating mechanism, with incredible power to withstand change. They thrive, they decline, they survive, and they revitalize when the demand for their services become sufficiently intense. But, it also takes leadership and dedication from a specific group of people to make any institution reach for and achieve excellence.

Where does all this lead? Perhaps to a tentative definition for our field. The Data-Gathering Subcommittee of the National Agenda recently published *A Lexicon for Community Foundations*. It contains definitions for hundreds of terms used in the field, but we found ourselves unable to compose a satisfactory definition for "community foundation." As a compromise, we recited characteristics for a page and a half, finally petering out in a tangle of Internal Revenue code citations. The Common Characteristics Advisory committee of the National Agenda has published a three-page pamphlet of legal, philosophical and operational characteristics of community foundations, but noticeably missing is an attempt at a definition.

Surely there must be a way to distill all the thinking and writing of 75 years into a couple of sentences without resorting to tax or legal jargon. After all, shouldn't the notion of "community foundations" be able to survive changes in regulations (as, indeed, we already have in this century)?

During the Council on Foundation's annual conference in Los Angeles, I spent a lot of time button-holing people, scribbling and throwing away drafts of a definition. A year later, I still feel pretty good about this one:

*A community foundation is a collaboration of diverse interests, organized for permanence, which attempts to strengthen a geographically defined community by providing service and nurturing leadership among charitable donors, non-profit organizations, and the community at-large.*

How does one test a definition? By seeing whether it screens in phenomena we instinctively believe should be included, and screens out activities which are not a natural fit. Let's walk through the proposed definition, and see how it does.

The first concept — the subject — is "collaboration of diverse interests." Most philanthropies in America would fail that test. Families, religious groups, neighborhoods, ethnic groups, and economic sectors tend to prefer segregation of their own giving. Without diversity in governance and clientele, an organization may be a public charity, but it cannot be a community foundation.

In a pluralistic society, coalitions are constantly forming, breaking up and reforming. To get closer to "community foundation" you need to take your collaboration of diverse interests (the composition of which may change, over time) and organize it for permanence. We haven't made many efforts at permanence in America (cemeteries, time capsules and nuclear waste facilities come to mind) but as an act of faith in the distant future, community foundations need to set their sights on infinity. The notion of a constantly growing pool of charitable capital is exciting, but only if it lacks an expiration date.

“Strengthening” is the best I can do for a verb to describe the central focus of a community foundation’s many activities. Philanthropy can try to solve problems and add amenities as opportunities arise, but the ultimate aim of permanent organization is to make the notion of “community” work better in a given place.

That brings me to the object: “a geographically defined community.” There are lots of communities (communities of faith, age, employment, and race, for example) but the diversity we seek to represent is only found in geographic space, and that diversity we seek to represent is only found in geographic space, and that space has to be large enough to incorporate diversity. If you don’t mind, I’ll avoid the issue of overlapping jurisdictions which will someday challenge our burgeoning field. But I will say that the notion of a national community foundation is troublesome and one we should seek to avoid. Most of the inappropriate organizations which might claim community foundation status would fail the test of diversity, permanence, or defined territory.

Let’s conclude with the methods of our place strengthening. Providing services to three distinct constituencies, in my opinion, is the central and defining activity of a community foundation. I have already explained above why I believe this to be true. But there’s something bloodless about an organization which does nothing but serve.

Jim Van Vleck, vice president and former director of strategic planning for Mead Corporation, suggested the addition of “nurturing leadership.” I think he’s right and has found exactly the right tone to characterize the way in which we exert influence. Diverse governance and constituencies are unlikely to hold together in an environment where raw power is being exercised. On the converse, our best people and altruistic energies will only be attracted to an enterprise which is adding value to the practice of philanthropy and knows what value it is trying to add. “Nurturing leadership” — I like that phrase.

Thanks for working your way to the end of a rambling exploration of our field. Is it academic navel contemplation? Maybe. But, I suspect this kind of thinking will become increasingly necessary if we are to realize the promise of a national movement. It will also be valuable to the process of setting standards and to defending ourselves from legislative or competitive attacks.

I look forward to your response, your arguments and a continuing dialogue on what this great and uniquely American institution — the community foundation — is all about.