

Experiences in Community Collaboration with Three Rural Counties



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Community Foundations

Community Foundations are the fastest-growing institutions in the field of philanthropy.



Community Foundations

They are well positioned to support local solutions to social problems, to help build community strengths, and to serve as stewards of community assets.



Community Foundations and Rural Communities

Community foundations can successfully serve rural communities. They serve as:

- Stewards of community resources,
- Provide opportunities for individuals and businesses to give back to their communities,
- Make grants and build capacity to serve community needs and serve in a leadership role.



Potential barriers to communities being successful

Lack of :

- Administrative support
- Start up funds
- Experience in fundraising
- Experience in grantmaking
- Credibility

Community Foundations can help overcome these barriers.



What is a Community Foundation?

A tax exempt, nonprofit, autonomous, publicly supported, non-sectarian, philanthropic organization that raises and manages a wide range of permanent endowed and non-endowed funds.



What is a Permanent Endowment Fund?

The State of Iowa definition:

A fund held in a qualifying community foundation to provide benefit to charitable causes in the State of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate not to exceed 5 percent.

Challenges of Endowment Building



- Need to accumulate substantial assets in order to adequately serve their communities.
- In small and very rural areas, a fully mature community foundation might take several generations to develop
- The very nature of an endowment suggests that by the time significant funds are available for distribution, the folks who raised the funds will likely be long gone.



Case for a Regional Approach

Current research shows that as the population served by a community foundation increases, the foundation finds it easier to grow and develop.



Council on Foundations Recommendation

- To be self sustaining and effective a
Community Foundation should have:
- a population of at least 200,000
 - an asset base of \$10 – 15 million



Public Support Test

- IRS 509(a)(1) To be classified as a public charity, community foundations must show that they normally receive at least one-third of their support from the general public (including government and foundations.)



How to Address Capacity Needs

If Iowa is going to achieve a system where all citizens have a vehicle to give back to their community, organizing a way for small communities to come together is critical.



One Successful Model

- A regional approach that creates community affiliate funds within existing community foundations.
- Overcomes barriers and creates an adequate population base
- This strategy allows neighboring rural communities to effectively create a vehicle for building an endowment while ensuring sustainability.



Endow Iowa

- Recent legislation offers existing community foundations and their neighboring rural communities a unique opportunity. The two components of the legislation; the 20% tax credit for donors of permanent endowments and the community seed grant program are great motivators for building affiliate funds through a collaborative approach.



Lead Foundation Model

Our model has the existing community foundation working with neighboring geographic areas.

The CFGD has already contacted and is at different levels of progress with:

- Dyersville and nine surrounding communities,
- Delaware county
- Clayton County
- Allamakee County (Identifying leadership)



The CFGD Lead Foundation Model

Leadership committee – 5 or more

- Establishes fund within qualified community foundation
- Promotes philanthropy
- Advisory to the fund
- Recommends grants
- Pays a fee that is a percentage of the fund to QCF
- Does not need to be incorporated or qualified within IRS

Qualified community foundation

- Provides administrative support
- Manages and invests fund
- Provides technical assistance and marketing support
- Approves grants
- Offer credibility, visibility and legal assistance



Applying the Model

- With the Lead Foundation Model we have successfully engaged 3 rural areas.
- A great resource to develop a process has been:

www.aspenccsg.org/rdp



Community A

- 5 communities within a county are combining efforts to raise \$25,000 - \$5,000 each - for their local match.
- The dollars will be pooled and the leadership committee will be supported at the Regional Economic Development Office.
- Fundraising will continue and a local match of \$25,000 is being sought so that each community can start their own fund with a minimum of \$10,000.
- Two hospitals, a library and a couple of nonprofits have started working with their boards to move their funds to the CF.



Community B

Nine small communities have come together to create one fund. Over \$15,000 has been raised to date – the majority of the funds coming from the largest of the nine communities. One community has suggested trying to go off on their own. The leadership committee has named a representative from each community.



Community C

The County Seat is attempting to set up a county wide fund.

One advantage - if the Gambling Bill goes through with the Endow Iowa component, this structure could possibly meet the criteria and will be in place.



Community Match

- The CFGD staff is working on finding local match dollars – with some success.
- One donor has promised a 10% match to each community.
- Another potential donor is considering the full \$25,000 match.

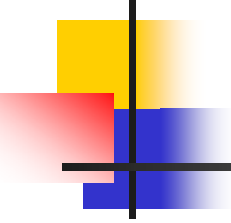


Challenges

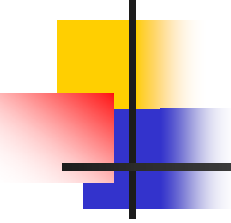
Organizational Challenges

- Finding leadership willing to commit time and resources
- Finding a strong neutral leader
- Developing and organizing the committee
- Educating the core group and public
- Lack of local legal help

Developing Trust

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- Overcoming turf issue
 - Breaking down political, personal and organizational agendas
 - Many people have preconceived notions about what they want to support
 - Establishing credibility in the community
 - Overcoming geographic rivalry

Accessing Resources

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- Competition for existing dollars
 - Many people of wealth do not want others to know they have it
 - (Anonymity is something a CF can offer)
 - Finding donors early on
 - Small population, low median income and not much industry



Advantages

- Administrative/start up costs are minimal
- Do not have to file separate 990 or be audited
- No attorney required to set up
- Staff support from lead foundation

Advantages



- Credibility
- Larger pool of investments = higher return
- Do not have to meet the Public Support test
- Lead Foundation grantmaking and fundraising experience



Disadvantages

- Legally, funds cannot be removed. Affiliates, can, however, include in their agreement with the lead CF a clause allowing them to become an independent CF at a later date.
- Relationship can be difficult to explain when the public does not know about community foundations.



Challenge to Qualified CF

Every CF I have talked to states that the fees do not cover the costs of administering and supporting their affiliates and that the foundations are subsidizing their affiliates.



SW Wisconsin Model

- Agreement states that the affiliate fund will raise \$25,000 the initial year and \$25,000 again the following year.

My Experience



- Labor intensive
- Travel dramatically increases expenses and time spent
- Complex topic – you are the expert.
- When you leave town, the facts often may be misconstrued.
- You meet GREAT people!



Overcoming Challenges

- Relationship building
- Technical assistance
- Quality communication plan
- Design endowments to meet the unique needs of the community
- Establish a long-term, inclusive vision for the way the community foundation will make decisions now and in the future.
- A process for renewal