

## **“Factors to Consider in Affiliating with Qualifying Community Foundations”**

**Johni Hays, JD  
Executive Director of the Planned Giving Institute  
Greater Des Moines Community Foundation**

**Iowa Community Foundations and Philanthropy Academy  
Ames, Iowa  
March 29, 2004**

**What is a community foundation?** It is more than just a name “community foundation.” Many organizations may have the words “community foundation” in their name, but that doesn’t make them a community foundation. In fact, one organization is actually a nursing home but calls it’s a community foundation.

### **What does a community foundation do?**

1. Identify a specific geographic area to benefit. Usually one town, or county, or multiple counties; but no single foundation can handle many, many communities all alone.
2. Promote philanthropy in their community. Provide support in terms of time or money to generally help raise the awareness of charitable giving to your citizens.
3. Build your own long-term endowments for the community and hold endowments for other nonprofits within your same community.
4. Grant funds to the community using a grant making process that allows other nonprofits in the community to apply for grants from the community foundation.
5. Facilitate collaboration among nonprofits in their community (help them work together better and more efficiently. Are there gaps in their coverage of service to your community?
6. Expedite civic projects. May act as the 501(c)(3) for community projects, collect pledges and help build structures for civic projects, parks, bridges, etc.
7. Traditionally community foundations do not host annual fund raisers meaning community foundations generally do not annual fund raising events nor ask their donors for donations year after year; instead the focus is on long-term endowment building for the community.

### Benefits of Affiliating with a Qualified Community Foundation:

- Maintain YOUR community's autonomy with raising and spending your own dollars.
- You are your own "mini-foundation" within a foundation. The Qualified Community Foundation serves as your mentor/big brother to help you.
- Keep your community's name and identity (your community fund's name is based on your community, not that of the Qualified Community Foundation).
- You have your own board of directors for your community.
- You do not have to set up a separate 501(c)(3), thus you avoid the costs and time of starting your own nonprofit.
- You will avoid the cost of separate annual audits and annual filings of IRS Form 990s.
- You will avoid the day-to-day administrative duties; gift receipting; updating and maintaining computerized donor lists; invoicing of donor pledges, database maintenance, gift acceptance policies; etc.
- You will benefit from the support and expertise of the staff of the Qualifying Community Foundation (for example, they Community Foundation can help you answer these types of questions: If you offer donor advised funds to your donors, can they legally pay their pledges from the donor advised fund? Are your endowments complying with the Uniform Management of Institutional Funds Act?).
- You'll receive templates for brochures, flyers, etc., to reach out to your community donors and professional advisors.
- You will solicit and work with your community donors!
- Help with donors interested in giving to your funds, provide information on the various types of planned gift instruments; provide you with the calculations and software for donors to get examples of income tax deductions, additional income, etc. they would receive if they make a gift to your fund.
- Accept and manage a Charitable Gift Annuity program for your donors. Without affiliating with a Qualified Community Foundation, your community would need to raise and set aside in reserves \$300,000 in reserves before you could offer gift annuities.
- Case design, help, support and printed materials for classes/education or seminars for your community affiliate's staff and or donors
- Provide guidance for grant making back to your community; developing the terms of your grants, check writing, maintenance of grant records and grant history of your funds. Help with issues such as, "How do you assess YOUR community's needs? How do you make IMPACTFUL grants to your community?"
- Provide help with a scholarship program.
- Help in understanding the need for endowment funds. Help with educating your community on just what IS an endowment?

- Provide oversight of investment of endowment funds including the investment policy, spending policy, reporting of investment returns, management agreements with professional investment managers, etc. Help you avoid investment mistakes such as avoiding the loss of tax exempt status just by the purchase of certain assets.
- Your community fund will be listed in mailings and on the website of the Qualifying Community Foundation --- will provide information about your community affiliate fund and could link to your own website
- YOU may choose any one of the seven Iowa Qualified Community Foundations to affiliate with. You don't need to affiliate with the Qualified Community Foundation that is geographically closest to you.

**The Bottom Line:** Not all Qualified Community Foundations are equal or the same. Interview the Qualified Community Foundations. Ask: "What Can You Do for Us?" Look at the services they can/will provide to your affiliate. What time commitment can they offer? What expertise do they have? How much staff do they have? How much other support can they offer you?

For more information, call:

Johni Hays, JD

Executive Director of the Planned Giving Institute

Greater Des Moines Community Foundation

1915 Grand Avenue

Des Moines, Iowa 50309

PHONE: (515) 883-9505

FAX: 515-883-2630

Email: [hays@desmoinesfoundation.org](mailto:hays@desmoinesfoundation.org)