

## **B. The Community Foundation – What Is It?**

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### **Community Foundation – A Community of Donors**

A community foundation is a collection of endowed funds established by individuals and corporations – a community of donors – to enhance the quality of life in a particular area. These funds are pooled and a board of directors made up of community leaders supervises the resulting investment portfolio. The income from the portfolio is made available for distribution to support charitable activities in the local community.

The first Canadian community foundation was created in 1921 in Winnipeg. By 2006, Canada had approximately 155 community foundations holding aggregated assets of \$2.2 billion. The grants from the investment income are affecting millions of Canadian lives. Community foundations are the fastest growing, most dynamic form of philanthropy in North America.

### **How did the Community Foundation of Medicine Hat and Southeastern Alberta get started?**

The original idea for the Community Foundation of Medicine Hat and Southeastern Alberta came from a local area rancher, Mr. John P. Ignatius, who had supported the Lethbridge Community Foundation and sought to have a local organization provide similar community benefits. John contacted several close friends and the long road to establishing a foundation for the people of South Eastern Alberta began. With the assistance of dedicated individuals, an Act of the Legislature of Alberta, dated June 26, 1992, established the Community Foundation.

To help the Foundation get started, John personally donated \$130,000, believing that the Foundation's development would accelerate to rival that of other major cities in Alberta. John believed that the people of South Eastern Alberta would come to the Foundation with charitable and philanthropic gifts and bequests by will, using the Foundation as a vehicle for carrying out their charitable intentions, and thus benefit the community as a whole.

Upon his passing January 8th, 2000, John was true to his beliefs. He left the Foundation and the people of South Eastern Alberta more than \$2 million, securing the Foundation's ability to care for itself and the people it serves.

Between 1992 and 2002, the funds held by the Foundation grew from John's initial donation to over \$3 million. As a result of the income from investments, and with help from other donors, the Foundation has provided over \$1 million in grants to charitable organizations in the community – in support of arts, culture, heritage, education, health, recreation, community celebrations, social services and sports. *It is important to note that the capital pool is never spent only the income earned on the gifts of donors.*



## What is the main purpose of the Community Foundation?

### Vision

Creating a better community: Today, Tomorrow, Forever

### Mission

Improving the quality of life for the people of South Eastern Alberta through developing permanent endowments, making responsible grants, and inspiring community leadership.

### The Foundation has three main roles:

- Ø We offer a wide range of giving options, professional management and protection of the integrity of the donors' gifts into perpetuity.
- Ø We are a grant making organization with a very diverse, broad reach mandate. We offer a variety of donor directed options for specific grant making. In addition, through our undesignated funds, our broad view of community needs and opportunities we are uniquely placed to make grants to a wide range of charities throughout South Eastern Alberta.
- Ø As knowledgeable partners in community life we are in a position to help our citizens fulfill their charitable goals and offer leadership to the community on issues of broad community concern.

These roles allow the Community Foundation to be a catalyst and resource for philanthropy throughout the region. It is a vehicle for generous citizens who want to give something back to the community both during and after their own lifetime.



## How Does the Community Foundation Work?

The Foundation is governed by a volunteer Board appointed by a Committee of Nominators, which is made up of the Mayor of the City of Medicine Hat, the Senior Judge of the Provincial Court, the President of the Medicine Hat & District Chamber of Commerce, the President of the Medicine Hat & District Labour Council and the appointee of the Southeastern Alberta Mayors and Reeves Association.

Directors typically serve a three year term to a maximum of two terms. The Board governs the Foundation within the regulations of the Medicine Hat Community Foundation Act as amended and those of Canada Revenue Agency relating to public foundations.

Investment management services are professionally provided by Jarislowky Fraser Limited, ([www.jfl.ca](http://www.jfl.ca)) within the policy guidelines established by the Board. Performance is monitored through regular meetings of the investment committee and with the investment managers when required. RBC Dexia serves as custodian.

The Foundation is administered by professional staff. Operating expenses are paid from administrative fees, and our own operating endowment fund established from gifts designated by donors to help reduce the impact on endowment income.

## What is a Fund in the Foundation?

A fund is the term used to describe a donors' contribution that meets the requirements described in this handbook. That contribution will, in the majority of cases, be held in perpetuity in a permanent endowment fund. This means that the capital will not be touched but will be held permanently and only the income made available for distribution. In some cases donors with substantial grant making requirements may place their contribution in a flow through (non-permanent) fund. A flow through fund may be established depending on the size of the donation (this will be decided on a case by case basis) and both the capital and income will be available for distribution. In most cases for either an endowment or a flow through fund the donor will have selected a name for the fund

For investment purposes all funds are pooled together. However as part of the overall stewardship of the donations placed in the Foundation's care all funds are accounted for separately. Investment income is calculated quarterly and allocated proportionately to each fund. A fund begins to benefit from pooled income from the first full quarter but a distribution is not made until the donation has been invested for a full year.

Community foundations offer flexibility to the donor. At the time of creating a fund within the foundation, donors can name the fund, the purpose of the fund, and even the charity to be supported. The principal is held in perpetuity, and the earnings distributed to charitable organizations of choice. A donor wishing to create a fund has simply to instruct the community foundation in writing of the name of the fund and what he or she wants done with the income from the fund. Subject to this being accepted by the Board of Directors of the foundation, and on receipt of the gift, these wishes will be carried out.



## How Grants are Made?

The Foundation has 2 granting cycles each year. An application process is operated and all potential applicants complete a standard application form. The grants committee is made up of Board Members and a group of community volunteers. This committee reviews all the applications and makes their own individual decisions basing their judgements on both objective and subjective criteria. They grade each application on a points system and then meet to jointly agree those applications that have the greatest priority for the community and are to be funded. The process may include presentations from applicants or site visits by committee members.

All grants are accompanied by an agreement that details the conditions under which the funds are being awarded. All grant recipients are required to provide details of their evaluation process, present final reports and to include impact statements. This allows the Foundation to have some sense of the overall effect these grants are making for the entire community.

