

## **M. The Community Foundation As An Alternative To A Private Foundation**

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Community foundations are registered as charities under the provisions of the Income Tax Act, and designated as public foundations. There is a network of more than 120 community foundations across Canada with over \$1.6 Billion in assets. Community foundations share a common promise and premise that the intentions of the donors to the local community will forever be translated into meaningful charitable purposes. This provides a valuable resource in terms of sharing information and ideas not available to an individual private foundation.

Community foundations offer an attractive alternative to the expense and administrative burden of setting up and maintaining a private foundation. The need for a Board of Directors and to establish governing by-laws is negated. Policy development and procedural administration and the associated cost overhead is already established. Investment management and custodial services are already contracted. A fund with a Community foundation may be set up in a day rather than requiring months.

There many ways to give to a Community foundation several of which reduce taxable income more so than assets given to a private foundation such as the inclusion rate capital gains on publicly traded shares.

A Community foundation can provide suitable recognition to donors across the entire regional area. On the other hand, some donors wish to remain anonymous and this too is possible through the Foundation.

Through the Board, volunteers and staff donors can access years of experience of working in the not-for-profit sector. This can substantially assist donors in making wise choices regarding how they wish to direct their charitable dollars.

Private Foundations very often experience problems with succession. A foundation established by a previous generation often struggles with how to engage the next generation in philanthropy. A Community foundation can offer assistance in bridging the gap and assist to ensure the philanthropic intention of the original founders will carry on.

A donor advised fund with a Community foundation offers a very viable cost effective and efficient alternative to a private foundation. A donor-advised fund means that the donor retains virtual control of the assets within the fund. When disbursements are due the donor can recommend that grants be made to the charities of their choice. As required by law the final decision rests with the Board of the Community foundation. However, to date, Community foundations have always been able to honour and uphold the donor's wishes.

There are no legal fees attached to setting up a donor-advised fund. Foundation assumes the tax and the reporting responsibilities for the fund. The Foundation handles grant applications, disbursements, and receipts; in fact, all the administrative and financial details of the fund. The advantage is that this professional stewardship of the fund and the expertise and application of local knowledge in making grants is available without the demanding overhead costs.

