

Types of Foundations

Community Foundation

- Serves a specific geographic community or region (e.g., The Boston Foundation)
 - Usually focuses mainly, if not exclusively, on local needs
 - Usually a “public charity” (raises a significant portion of its funds from the public each year), not a “private foundation”
 - Funds usually derived from many donors but managed in a single endowment
 - Income from the endowment is used to make grants
 - Offer an increasing variety of donor-advised options and services
 - Face increasing competition from charitable gift funds (e.g., Fidelity)
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Corporate Foundation (Company-Sponsored Foundation)

- Assets are derived primarily from contributions of a for-profit business
 - Contributions may be from an initial endowment, periodic contributions, or both
 - May maintain ties to the parent company but is an independent entity
 - Abides by same rules and regulations governing private foundations
 - Differs from corporate giving programs (see below)
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Corporate Giving Program (Direct Giving Program)

- Grantmaking program established and administered *within* a for-profit corporation (often administered by marketing or public relations unit)
- Does not have separate endowment; grantmaking closely tied to company profits
- Gifts or grants go directly from the company to charitable organizations
- Often focuses grantmaking on communities within which the company operates
- Not subject to the same reporting requirements as corporate foundations

Family Foundation

- Technically, not a legal term; refers to any independent private foundation whose funds are managed or strongly influenced by members of the donor's family
 - Family members often serve as officers or board members
 - Family members often have a significant role in grantmaking decisions
 - Comprise ~40-45% of all private and community foundations
 - Most are small, informal organizations
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Independent Foundation (Private Foundation)

- Nongovernmental, non-profit, self-governed organization
 - Funds (usually from a single source, such as one individual, family, or corporation) and programs managed by its own trustees or directors
 - Often is a large, complex, professionally managed organization
 - Must "pay out" approximately 5% of the market value of its assets each year
 - Must pay a yearly 1-2% excise tax on its net investment income
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Operating Foundation

- Private foundation whose primary purpose is to conduct research, social welfare, or other programs determined by its governing body or establishment charter (e.g., Carnegie Endowment for International Peace)
- May make grants, but the amount of grants awarded generally is small relative to the funds used for the foundation's own programs