Evolving the Community Foundation Business Model of the Future

A Path Towards Sustainability and Impact

FEBRUARY 2025

PHILANTHROPY & SOCIAL INNOVATION
aspen institute

Authors

Sarina Beges and Emily Imhoff of the Aspen Institute co-authored this report.

Acknowledgments

The authors would like to acknowledge all of the community foundation leaders who generously donated their time and expertise to inform the substance of this report. Their enthusiasm and openness to share their experiences and learnings has helped to advance field-level knowledge, and hopefully new practices around business model experimentation. We are especially grateful to our core group of community foundation CEOs and CFOs who were the originators of this project and have led the way. Your partnership has been essential in providing the vision, energy, and inspiration to make this work possible.

We also want to express our gratitude to those who reviewed and commented on this report, which include: Daniel Stid, Executive Director of Lyceum Labs and formerly the Director of the American Democracy Program at the Hewlett Foundation; Meghan Cummings, Senior Vice President of Strategy, Impact and Operations at CF Leads; and Cinthia Schuman Ottinger, Deputy Director for Philanthropy Programs at the Aspen Institute Program on Philanthropy and Social Innovation. Your unique perspective and observations of the field helped us sharpen and strengthen our core findings and recommendations. We are grateful for your partnership and the generosity of your time.

We would not have been able to complete this report without the expert research assistance from Kevin Casillas, an undergraduate student at Stanford University, who made this all come together seamlessly with such professionalism and grace. Finally, we would like to thank Neil Britto, formerly of the Aspen Institute, for his contributions to this project, especially his insights into the research process and framework, and his expertise on cross-sector partnerships.

This report is part of the Aspen Institute Program on Philanthropy and Social Innovation's (PSI) Community Foundation Business Model initiative. It was developed with support from Arrow Impact, the Bill & Melinda Gates Foundation, the Kresge Foundation, the David and Lucile Packard Foundation, and the Hilton Foundation. We are grateful to them and to all our partners who make it possible for Aspen PSI to pursue this research. The findings, interpretations, and conclusions expressed in this report—as well as any errors—are Aspen PSI's alone and do not necessarily represent the views of its funders or other participants in our research process.

Aspen Program on Philanthropy and Social Innovation (PSI)

Changemakers—citizens and grantmaking foundations, nonprofits and social enterprises, businesses, and government—have the power to solve society's shared problems and steward our common resources. They do it best when they do it together. The Aspen Institute Program on Philanthropy and Social Innovation (PSI) helps strengthen these social actors and their capacity to work together. The program gathers changemakers in a safe and trusted space to share ideas, collaborate, and advance social change.

TABLE OF CONTENTS

REPORT OVERVIEW AND SUMMARY

The Changing Role of the Community Foundation

There are more than 900 community foundations across the US representing diverse communities, regions, and constituencies.[1] With assets ranging from $6 million to over $13 billion, community foundations play an important role in stewarding community resources and connecting them to local causes.[2] A 2022 Council on Foundations survey of over 220 community foundations found that, together, they annually dispersed upwards of $15 billion in grants.[3] Moreover, community foundations are often called upon for their expertise during times of local crisis, mobilizing resources efficiently due to their community proximity and local knowledge.

Community foundations bring a unique set of assets that sets them apart from other philanthropic actors, including their reputational influence, convening power, expansive networks, deep understanding of local issues, and, perhaps most importantly, the trust and relationships they have built with community stakeholders. At their best, community foundations are independent partners that can bring cross-sector actors together to advance a shared agenda for community benefit. They can mobilize and organize grassroots efforts to challenge the status quo. They have relationships with local and state government actors they can draw on to advocate for local change efforts. And they are a trusted partner for community based organizations that view them as a strategic advocate, grantmaker, and change agent. The COVID period offers a powerful example of how community foundations can leverage the full range of their assets and relationships to respond and effectively organize relief efforts to support at-risk communities.

Over the last decade, a set of community foundations have taken on even greater civic roles in response to growing community needs across the US. The traditional forms of community impact work—such as grantmaking to local nonprofits or issuing scholarship funds to students—were not enough as communities struggled to provide affordable housing, grow minority-owned businesses, and access quality education opportunities, among other needs. Called on to serve a greater purpose, these community foundations evolved into more dynamic and resilient institutions that deploy the full extent of their assets to magnify community transformation. Some are investing in critical data collection and advocacy efforts to help advance policy change on affordable housing and wage equity. Others are rebuilding vital civic infrastructure in marginalized neighborhoods to attract small and medium-sized businesses and help reverse the socio-economic impacts in historically redlined areas. And some are using creative investment strategies to deploy more catalytic capital directly into the communities they serve.

This new generation of community foundations serves as a model for what is possible for community foundations to build thriving communities where all belong and prosper. Community foundations are a hub for concerned citizens to come together for shared problem-solving, a resource for givers who want to learn more about local giving opportunities, and an incubator for new ideas. During this time of political uncertainty, the evolving role of community foundations is only becoming more critical as they can leverage their independence and the trust in which they are held to advance an agenda shaped by community problem-solving.

In the years ahead, community foundations are poised to play an ever-increasing role in healing division, rebuilding trust, and fostering democratic decision-making. However, the challenge ahead is how the community foundation business model can evolve to support their changing role.

The Problem

Over time, many community foundations have adopted the model of a "community bank" that raises, stewards, and disperses funds according to their clients' interests. At present, the current community foundation business model does not operationalize community building due to the limitations of its structure. The revenue streams of the typical community foundation—fee-generating products, fee-for-service, endowment income (if available), and gifts and grants from donors—do not adequately resource community building work. Historically, growth and success for community foundations have meant increasing assets under management to capture more revenue from fees charged on funds.[4] However, there are limitations to this model if community foundations want to expand their role and impact.

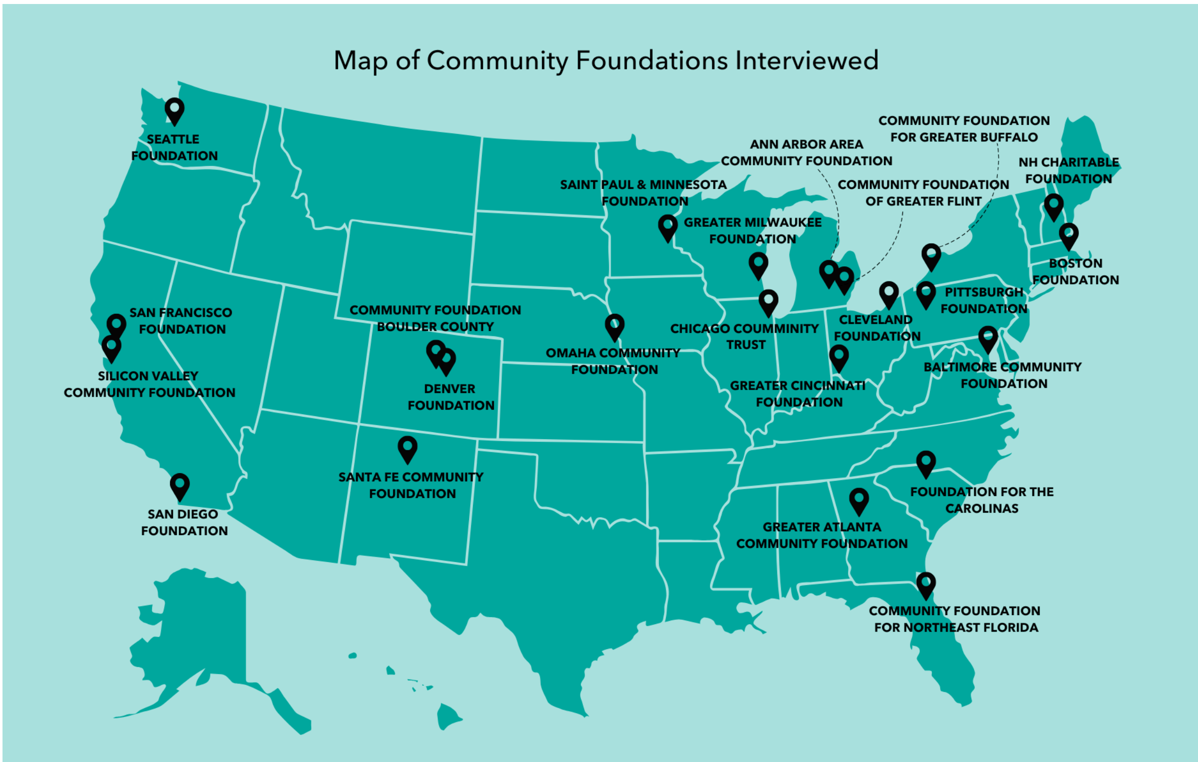
Sustained community building work requires a specialized staff and dedicated infrastructure. This may include research and data collection, communications and narrative change capacity, policy expertise, and legal acumen to effectively invest in community change efforts at scale. Community foundations will need to hire new staff with the knowledge, expertise, and networks to begin this new phase of work. This will require community foundations to unlock new sources of flexible revenue to sustain work that often has a long time horizon.

Community foundations are not always structured to optimize their community leadership capacity. They will need to reorganize and enhance core capabilities to effectively execute on this new mandate. Community foundations are typically structured by functional areas, which silo staff according to departments such as donor services, fundraising, community impact/grantmaking, and investments. Community leadership demands enhanced cross-functional work arrangements to encourage strategic and operational alignment around community impact goals. It may also require shifting resources into other business lines or automating inefficient practices through investments in new technology. These optimizations may help unlock expense-side savings that allow community foundations to more effectively allocate staff and resources to support their evolving community leadership role.

Our Approach

The development of a path to evolve the community foundation business model, one designed to better meet community leadership needs, began when the Aspen Institute Program on Philanthropy and Social Innovation (PSI) convened a core group of 10 community foundation CEOs and their respective CFOs (see Appendix A) in Aspen, Colorado, in October 2023. From this convening, participants expressed interest in gaining further insight into specific experimentations underway at community foundations nationwide to identify learnings and guidance as they evolve their own business models.

In June 2024, PSI began interviewing actors in the community foundation ecosystem,[5] specifically: (1) community foundation CEOs, (2) community foundation CFOs, (3) vice presidents or directors of philanthropy, (4) leaders of infrastructure organizations, and (5) private foundation leaders (see Appendix B). Our goal was to examine business model experimentations and innovations from a diverse sample of community foundations across the US, documenting opportunities, challenges, and areas for additional exploration. For some community foundations, business model innovation was well underway; for others, it was in its infancy. However, there was consensus among our interviewees that the traditional community foundation business model was not optimizing impact or revenue.



Map of community foundations interviewed for this report

From these conversations, we began to narrow our focus on four overarching areas of business model experimentation, which constitute the main sections of the report as follows:

(1) Donor Alignment: Community foundations are experimenting with a variety of strategies, such as fundraising campaigns and issue-based funds, to bring donors and fund holders in closer alignment with community impact work.

(2) Fee Restructuring: Community foundations are maximizing revenue through restructuring their fees for services and products to align their financial models with their strategic goals.

(3) Investment Strategies: Community foundations are going beyond grantmaking, leveraging their investment portfolio for catalytic impact.

(4) Partnerships: Community foundations are embracing new partnerships with government, national funders, and family foundations to unlock new resources and magnify community impact.

Two exploratory paths emerged throughout the consultation process. The first path involved modifying existing business models to generate additional revenue that can be directed toward community building work. The second path focused on experimentations representing new models for how community foundations operate and fund community building work. We endeavored to uplift examples of both paths within the four focus areas listed above, and whenever possible, we highlighted ways that community foundations are restructuring or realigning to maximize operational alignment and impact. Our analysis of each area of opportunity includes examples from community foundations of varied sizes (with regard to assets, staff, endowment, etc.) in an effort to represent the diversity of the sector and provide learning tools that may be applicable for foundations at all stages of their business model evolution.

Our Recommendations

From our findings emerged a set of technical and adaptive recommendations for evolving the community foundation of the future.

(1) **Align for Impact:** Community foundations of the future should work cross-functionally and in coordination internally to advance shared community impact goals. The board, staff, mission-related investments, and fund holders/donors should all be aligned with the broader vision of the community foundation and work to advance those outcomes. This new way of organizing may also require a different approach to staffing and recruitment.

(2) **Partner for Success:** Partnerships are essential to scaling community impact and identifying new sources of revenue. Government partnerships, while intimidating for some community foundations, have delivered significant growth and revenue for others. Partnerships with institutional funders take a number of forms but are an area for opportunity as some funders look locally to inform their national strategies, while other funders may partner with community foundations to implement their local grantmaking.

(3) **Engage a Broader Group of Stakeholders:** Community foundations must communicate their impact more effectively and engage more diverse stakeholders in their work to remain relevant in a changing philanthropic landscape. This is a critical moment for the sector to engage a younger demographic of donors, as well as an opportunity to become a resource hub for everyday givers looking to make a difference in their communities.

(4) **Leverage the Full Range of Assets for Impact:** Community foundations should consider how their investments are an important part of their social change toolbox and can be a force for good. Catalytic investing is delivering new forms of financial and social returns that community foundations are uniquely positioned to provide. Our research uncovered that donors and fund holders are increasingly interested in this form of investment.

(5) **Know Your Value and Charge for It:** Community foundations should operate with a business sensibility to accurately capture the true value of their products and services. This will involve an investment in the systems and practices that are necessary to provide accurate data to justify

price increases. Community foundations may be reluctant to raise prices for fear of losing customers to commercial donor advised fund (DAF) competitors, but our research found that for community foundations that did increase fees, few fund holders left as a result.

(6) Capture Cost Savings: Utilizing new technologies, outsourcing, and shared service provision are ways that community foundations can optimize to save costs and maximize operational efficiency.

(7) Continue to Experiment: Community foundations must continue to experiment, adapt, and innovate their business models if they want to scale their impact. An open mindset and a willingness to embrace risk-taking are important cultural values to uphold from senior leadership and the board. Business model evolution is a long process requiring a significant amount of learning, reflection, and adaptation along the way. We hope that the field continues to share these lessons so there are continued opportunities for learning.

Conclusion

In the short term, we hope this research project will illuminate new practices, structures, partnerships, and ideas to evolve the community foundation business model to support more focused community impact work. In the long term, we hope the project will transform the community foundation from a **transactional "community bank" to a transformational "community asset**." We anticipate that the community foundation of the future will serve as a central hub for community life, be a trusted partner for community leadership, and advocate for policies that are in the best interest of the community. Donors and institutional foundations will see the community foundation as a strategic partner for building community infrastructure and exercising leadership for critical local issues. Greater awareness and understanding of the role of the community foundation will help build public engagement and attract a broader group of stakeholders. Ultimately, these efforts will help to contribute to more resilient and thriving communities across the country.

PREFACE

The Aspen Institute Program on Philanthropy and Social Innovation works with a range of social actors to help build their capacity to be more effective in advancing social change. Community foundations have long been a part of our strategic philanthropy programs and have provided valuable insights and perspectives to inform the direction of the field. This research project has afforded us the opportunity to gain a much greater understanding and appreciation of the role that community foundations play in our larger civil society and social change ecosystem. Observing how some community foundations have evolved from institutions that primarily manage financial assets into transformational changemakers that build thriving communities has been an encouraging development.

We would be remiss if we did not acknowledge the timing of this report on the heels of a political transition and the uncertainty of policies in the period ahead for our sector and the communities in which many foundations operate. In this moment, we can envision the larger civic role that community foundations can play to help uplift community-driven ideas and provide an important hub for local decision-making and information sharing. We hope that this report helps community foundations learn from one another as they navigate change.

We want to acknowledge that the community foundations we interviewed for the study are not representative of the entire sector; in many cases they are exceptional because they have actively experimented with new ways to resource and scale their impact. The lessons harvested from their experiences can be learning tools and a source of inspiration for what is possible for community foundations seeking to make more impactful change. Many of the examples in this report come from community foundations operating in urban settings, some of which are in more affluent areas, creating a different context for how they may resource and operationalize their work. Their history and legacy, composition of their donor base, asset size, availability of and interest in investment tools, and the type of partnerships available may be distinct from community foundations in other settings. As such, while the learnings in this study may not be applicable to all community foundations, we see opportunities for uptake with a sizable segment of the community foundation field. In the next phase of this project, we aspire to expand the aperture of our research to include new learnings and models of community philanthropy from more diverse settings.

The framework of this report has been informed by some important intellectual contributions to the field of community philanthropy. Of significance is a Bernholz et al. 2005 paper which offered a set of recommendations for community foundations to adapt to a changing and more competitive era of community philanthropy.[6] One strategy the authors suggested was for community foundations to shift from managing financial assets to long-term leadership: "Strategic positions on challenging issues, cross-sector solutions, and a relentless commitment to the betterment of communities must be as much a part of community foundation parlance and action in the future as donor services and grants management have been in the past."[7] The author's observations are aligned with how some community foundations in our analysis had shifted their focus towards community leadership, but it is clear that many are still confined to a business model that is based on an assets under management structure that does not effectively resource or operationalize this work. Two decades later, community foundations continue to try to evolve their role, which Bernholz et al. so presciently recommended, but are held back by the limitations of their current structure.

Francie Ostrower's 2006 working paper for the Aspen Institute examined community foundation effectiveness across a range of indicators, many of which form the "building blocks" for the business model.[8] We benefitted from Ostrower's analysis and used her variables for leadership to inform our understanding of how community foundations exercise community leadership in various contexts. Ostrower's study also identified the complex and often contradictory role of community foundations as a fundraiser and a grantmaker, and their wide-ranging mandate which often dilutes their overall effectiveness. As community foundations began to embrace larger community leadership roles, Ostrower's work suggested that the most effective community foundations might be those who are able to balance or coordinate these dual roles in relationship to their community.[9] This helped us better understand the complexity of the community foundation role when shaping our observations and recommendations in this study.

Lastly, many social sector infrastructure groups have contributed significantly to recent thinking and practice on community leadership. We want to acknowledge CF Insights, which is part of the Council on Foundations, for their seminal 2013 paper on business model evolution that served as a jumping-off point for this report.[10] Their data and analysis created a baseline for how community foundations are adapting their business models and the decision-making processes that informed these changes. A core feature from the CF Insights report around internal alignment is a guiding framework in our report, and continues to be a challenge for community foundation effectiveness over a decade after their report was published.[11] Similarly, the CFLeads Community Foundation framework and associated tools, resources, and networks are helping support more community foundations in their evolution towards sustainable community leadership.[12]

We hope that this report complements earlier work and provides an update on some new directions that community foundations are taking to evolve their business model to meet the needs of their community leadership role. While there is still more analysis to be done of the broader landscape of community foundations, we hope this report will help shift some organizations in new directions and inspire others to view community foundations as not just a charitable bank, but more of a transformational changemaker.

STRATEGIES TO BRING DONORS IN CLOSER ALIGNMENT WITH COMMUNITY IMPACT GOALS

STRATEGIES TO BRING DONORS IN CLOSER ALIGNMENT WITH COMMUNITY IMPACT GOALS

Community foundations are experimenting with a variety of strategies to bring donors and fund holders into closer alignment with their community impact initiatives. In many ways, these tactics involve changing the relationship with the donor so the donor can recognize the value and potential of the community foundation as a driver for local change and bring their philanthropy into alignment with that vision. With the rise in popularity of DAFs,[13] community foundations are an attractive place for DAF holders due to the community expertise and proximity they can provide. However, DAF holders may not always direct their grantmaking toward local community causes. As Bernholz et al. point out in their 2005 study, over the course of people's lives they develop connections to many different places, and their unique identities can influence and shape their philanthropic relationship to a specific place.[14] In addition, family legacy may also influence funding decisions. If a community foundation can shift the relationship with their donors to bring them into closer alignment with their vision for place-based change, that can help to unleash more revenue and impact. While each foundation's donor composition is unique, we have documented possible strategies below to bring donors into closer alignment with the community foundation's local impact priorities.

Donor Alignment Strategies

Moments of crisis, from natural disasters to the COVID-19 pandemic, can bring donors closer to a community foundation and demonstrate the value of the foundation's proximity to local organizations and individuals who are typically on the frontlines of response. By way of example, Tatiana Hernandez, CEO of the Community Foundation Boulder County, notes that her foundation was the epicenter of emergency response coordination in the wake of a devastating wildfire that rocked the region in 2021, directly distributing relief checks within days of the fire. During periods of crisis, donors and the public take notice of community foundations' work, unlocking opportunities for community foundations to raise relief funds that can be flexibly deployed for local relief efforts. Donation amounts to the Milwaukee Responds Fund ranged from five dollars to $1 million and opened an opportunity for the community to partner with the Greater Milwaukee Foundation (GMF) to address community-wide COVID relief efforts. According to Kristen Mekemson, Vice President of Development and Philanthropic Services at GMF, unrestricted funds became much easier to raise after COVID because the donor community witnessed the swift, collective response led by the foundation and the direct impact of their work. Moments of crisis can present opportunities for community foundations to establish more trusted relationships with donors that can materialize into larger, more flexible gifts.

Other community foundations have experimented with different types of fund arrangements to bring donors into alignment with their work. The Chicago Community Trust (the Trust) built upon the momentum of the COVID Relief Fund they led with the United Way of Metro Chicago to create a dedicated economic recovery pooled fund. The fund provided $50 million for community investment initiatives to bolster community-led real estate development, employment opportunities, and local businesses in neighborhoods hit hardest by the pandemic. The **pooled fund** model often has a dedicated staff to focus on convening, policy, and project-based work. According to Andrea Sáenz, CEO of the Trust, these pooled funds typically draw individual donors, family foundations, and DAF holders who are interested in a shared issue around a common table with private foundations and civic leaders. The Trust applies administrative retention to these pooled funds, which ranges from 2 to 10 percent and can be directed to their operational costs to advance their mission-related work. Over the last couple of years, the Trust has worked to bring their pooled funds into closer alignment with their community impact work and has sunset or spun out some funds that were less central to their mission. However, it is important for community foundations to ensure structural alignment when pursuing the pooled fund model; another interviewee mentioned that, in their experience, pooled funds can take on an identity of their own and begin to compete with the community foundation for funding and influence.

For the San Francisco Foundation (SFF), **field of interest funds** are used as a strategy to satisfy donor interests, while exercising greater discretion over grantmaking. SFF's Chief Philanthropy Officer Rehana Abbas notes that instead of giving to an opera-specific arts nonprofit, for example, a donor can give to a fund designed to support the local Bay Area arts community, and SFF will oversee issue-aligned grantmaking. As SFF's new field of interest funds come online, Abbas hopes more donors will direct funds and bequests into this product from which the foundation can subsequently advance more aligned grantmaking opportunities.

The Boston Foundation's (TBF) **issue funds** provide an attractive entry point for midlife donors who are passionate about community issues and trust the expertise of the fund's staff to make the appropriate funding decisions. TBF's Equality Fund, which serves and strengthens the rights of LGTBQ+ individuals and their families through support of nonprofits in the greater Boston area, has helped TBF engage a demographic of donors (40–50 year olds) who are typically not as focused on philanthropy at this stage in their busy lives. Kate Guedj, Senior Vice President and Chief Philanthropy Officer at TBF, explains that many in this donor demographic are still actively working and setting aside funds dedicated for their philanthropy, but are often too busy to focus on their own giving strategies.

When launching a 10-year initiative to narrow the youth opportunity gap, the New Hampshire Charitable Foundation (NHCF) told donors that up to 25% of new gifts would go toward covering the foundation's direct expenses related to staffing, advocacy, communications, and research, with the remainder for grantmaking. According to CEO Richard Ober, "We have consciously communicated with donors when developing resources for certain initiatives that **some of those resources will be used internally in order to pay for the work we are doing externally**." A core tenet of the NHCF strategy since 2012 has been to encourage donors to align their DAF grantmaking with some of the foundation's and the community's top priorities. Most recently, those have been centered on advancing equity, racial justice, and economic security across multiple initiatives. This essentially stretches the foundation's discretionary resources while meeting the values that many community foundation DAF holders say they want more of in surveys: to see the foundation as a community change organization focused on the most pressing issues, and to receive philanthropic counsel and grantmaking advice about those issues.

According to Michael Wilson, NHCF Chief Investment and Financial Officer, donor alignment is a top-level metric that the foundation has tracked for over a decade and is reported to the board. NHCF has increased donor alignment annually by targeting donor giving styles and honing in on those who firmly believe in the foundation's vision and approach to community impact. Ober notes, "Community leadership is about building and supporting coalitions, sometimes doing research, and doing a fair amount of public policy. And these very supportive donors know that it isn't free, so it tends to not be a terribly difficult ask."

Over the years, the Boston Foundation (TBF) has made a strong case to their donors and fund holders that the foundation is a place where they can seek knowledge and expertise on all things involving Boston. According to Guedj, TBF has about 750 DAFs that represent upwards of $1.2 billion in assets under management, and the foundation grants between $150 and $200 million a year. Two-thirds of that grantmaking goes to Greater Boston. Alignment of this nature has taken years to foster and some of their strategies involve **targeted donor experiences**, such as walking tours in Boston's Chinatown or East Boston, which showcase the nonprofits they fund.

TBF has also been very intentional about clearly communicating the impact of their civic leadership work and strategically **partnering with the media** to showcase why their work is important for the city. Guedj underscores that when TBF's research and advocacy work helped influence new housing legislation, they made a point to draft press releases highlighting their role and the legislation's significance. "The new legislation wasn't the result of only our efforts, so the press coverage mentions how TBF was an important partner and made this happen together with others." This intentional effort to communicate the impact of their work has helped donors to understand why civic leadership matters and to more closely align their grantmaking with local causes.

Some community foundations are leveraging **variance power** as a tool to align their legacy donors and fund holders with contemporary community issues. Brett Hunkins, former CFO of the Community Foundation of Greater Flint, emphasizes that variance power is essential for community foundations to adapt donor funds when the original purposes become obsolete. While respecting donor intent is essential, it shouldn't prevent foundations from reassessing and potentially redirecting older funds to address current, more urgent community issues. Like with fee restructuring, there is often reluctance within the field to initiate these conversations due to fears of alienating donors or breaking previously promised commitments. However, Hunkins challenges this hesitation, noting that many donors haven't been contacted for years and might be open to aligning their contributions with the community's current priorities. By exercising variance power to change the terms of a fund agreement, foundations can strike a balance between honoring donor intent and meeting the evolving needs of the community.

Fundraising Campaigns

Of the community foundations we interviewed for this study, many needed to fundraise to cover an operating and grantmaking gap for their community leadership, as administrative fees, investment income, or other forms of revenue were insufficient. Some community foundations were interested in growing an administrative endowment or launching an annual fundraising campaign to deepen and sustain their community leadership work. Fundraising campaigns may not be an option for all community foundations, but through our conversations we found they can reveal some important tactics for donor engagement and lessons for the broader sector.

Fundraising campaigns require upfront investment and often a staff member—such as a major gift officer or a dedicated team—with expertise in capital campaign development and execution. Before launching a capital campaign, a majority of our interviewees involved in this form of fundraising consulted an outside firm to develop a philanthropic market assessment, interviewing current and potential donors to inform and establish their fundraising target. Most of the campaigns we surveyed are comprehensive in nature, meaning all dollar amounts (bequests, new DAFs, gifts of all kinds, etc.) received during the campaign period can count toward the total fundraising goal. Campaigns are often timebound with a specific fundraising target but can be adjusted depending on the community foundation's progress toward the goal.

For the Greater Milwaukee Foundation (GMF), bringing their fundraising campaign priorities into close alignment with their community impact goals was one way to direct more flexible funding towards community needs. Launched in 2017, their "Greater Together Campaign" set a comprehensive goal of raising $700 million over seven years, of which $50 million was structured around a set of key community outcomes, including health equity, housing security, and educational and economic opportunity. This strategy allowed the GMF Community Impact team to decide where those dollars are directed and to have discretion over the funds. According to Mekemson, "Donors are not going to be able to direct funds to a particular early childcare center, but [broadly feel they are] giving alongside others to the greater good, and trust GMF to make that decision." The flexible design and strategic alignment of GMF's fundraising campaign was able to directly support the foundation's community impact work.

The Boston Foundation (TBF) was one of the earliest adopters of the annual fund model for raising flexible general operating support. This began under the leadership of Paul Grogan, who took the helm of TBF in 2001 and had a larger vision of expanding the foundation's mission to include civic leadership. Guedj explains that prior to the annual fund, there was no way to contribute to TBF if you did not have a DAF or were involved in legacy gift planning. The annual fund helped TBF build **a new base of local support** with contributions ranging from fifty dollars to over $100,000. Over 20 years later, the Annual Fund for Civic Leadership aims to raise roughly $3.5 million each year to grow the $20 million operating budget, which underwrites the costs of TBF's advocacy, convenings, public policy work, and original research, much of which is conducted by their in-house research center, Boston Indicators. TBF publishes the entire list of donors to the Annual Fund for Civic Leadership, which, according to Guedj, helps to highlight the wide range of philanthropic commitment from the local community. Growing their base of donors through the annual fund model required a significant commitment from TBF's board and Grogan, who, according to Guedj, routinely "dialed for donors," having personal conversations with at least one-third of their annual fund contributors. "Paul really understood that this was the way that people could validate, endorse, and celebrate what TBF was becoming." **Deep personal connection and relationships** has helped TBF grow their annual fund to the level that it is today.

The Baltimore Community Foundation (BCF) created their Civic Leadership Fund over 20 years ago, which CEO Dr. Shanaysha Sauls describes as an annual fund that allows them to be "more than a philanthropic bank." The Civic Leadership Fund raises upwards of $1.4 million yearly for operational costs to allow BCF to play a prominent role in community leadership. Sauls cites the foundation's response to the 2024 Francis Scott Key Bridge collapse as an example of how BCF leveraged their Civic Leadership Fund dollars to play a key role in coordinating response efforts without charging any administrative fees on the fund. Sauls's annual fundraising approach prioritizes cultivating a **well-defined universe of donors** who fundamentally understand why the foundation exists as a convener, what they do as a strategic grantmaker, and how they maintain deep relational trust in communities. Sauls describes them as the "ambassadors for the organization" and contrasts them with fund holders, who may not have that same relationship with BCF. In segmenting these two groups, Sauls does not typically approach fund holders for operational support of the Civic Leadership Fund and instead looks to them for legacy gifts. "My mission is to be responsive to the needs of Baltimore to create a permanent endowment," states Sauls, as she plans to seed the future of this legacy foundation. Sauls also ensures that she doesn't fundraise at a level that strains local nonprofits' efforts: "It is a really fine line. I don't want nonprofits to look at BCF and think of us as competition for money because that is not the role we should serve in an ecosystem."

For the San Francisco Foundation (SFF), a four-year comprehensive fundraising campaign is a new approach to help raise more unrestricted funding for their civic infrastructure work. Inspired by the Boston Foundation's Annual Fund for Civic Leadership, SFF's Collective Power Campaign seeks to raise upwards of $50 million over four years to grow the Bay Area Leads Fund (an annual operating fund), increase grantmaking through donor co-investment, and incentivize future discretionary bequests. Abbas notes that bequests to SFF's endowment are modest compared to historic amounts as more donors bequeath to their DAFs for their heirs to steward. For SFF, it was important to start with the donors most familiar with the foundation's work and who could serve as a sounding board for the campaign on key messaging. For a foundation that is new to this form of fundraising, she emphasizes the importance of getting **a few big wins under their belt** in the form of early gifts to create momentum to inspire others.

SFF has invested more time than initially anticipated in **donor education efforts** around the importance of systems change and the foundation's role in that work for the Bay Area. Abbas notes, "Donors have to understand the role that we play to make a gift to the campaign." Abbas points out that much of the terminology used around systems change work is complex and doesn't often resonate with the interests of the individual donor who may be concerned about single-issue topics, such as climate change or education. As a result, the arc of closing a gift has taken longer than expected for SFF and the time required to further donor understanding was not something they had originally anticipated.

The Greater Milwaukee Foundation's (GMF) campaign strategy, grounded in the organization's vision for a "Milwaukee for All" **aimed to build a big tent** by inviting everyone to be a giver and participate in the campaign. No gift was too small; the GMF campaign recorded donations ranging from five dollars to $20 million. This approach also broadened their donor base, including next generation philanthropists, bringing in over 3,000 new donors with a 68 percent increase in donors of color. Through a more targeted strategy, the GMF campaign team produced brochures celebrating philanthropy in communities of color and curated events for donors of color to connect and become involved in their campaign goals, which centered on equity and inclusion. One key learning was to increase diversity among campaign committee members, who can bring expertise and networks to boost involvement from more diverse donors.

Engaging the Next Generation of Donors

One area for additional exploration that emerged from our interviews is the need to think about how to engage the next generation of donors and new donor networks that may have different giving styles and practices. It was clear that this is a challenge for each of the community foundations we interviewed. "If we are not careful, our community foundations are going to become dinosaurs," reflects Sauls of the Baltimore Community Foundation, "because the next generation donors for us are 55 and younger, and how they transact, how they communicate, and whether or not institutions even matter to them is a completely different ballgame."

According to Guedj of the Boston Foundation (TBF), "The younger generation '20-somethings' in our community are very liberal and progressive, and they want to make a difference and get engaged in philanthropy now." Guedj contrasts younger donors' behavior with their parents' generation who are the inheritors of wealth and more cautious about spending their resources now as opposed to saving them for future generations to steward. Guedj is very enthusiastic about working with the younger generation of givers who are hungry to learn more and see TBF as a useful knowledge resource. However, she cautions that while these younger donors may hail from Boston originally, they now live elsewhere and are not as place-centered with their giving. **They also tend to care about issues that are not confined to one geography, such as climate change and immigration.**

Others remarked that brand-building for community foundations might help connect them to younger generations. The Community Foundation Boulder County (CFBC) launched a fresher, more youthful website, **rebranding to attract the next generation of donors**. Hernandez underscores that younger donors want to know that their work matters and to see the impact of their contributions, like CFBC's hands-on role in response and relief efforts to the Colorado wildfires, when "people saw us not behaving like an institution."

The Seattle Foundation is working on a strategy to partner with local athletes and entertainers to open DAFs with their foundation as a way to build awareness of community philanthropy and encourage others to follow suit. This could be one way to inspire a younger segment of donors and ignite a conversation around civic engagement and philanthropy.

Cathy Bessant, CEO of the Foundation for the Carolinas, suggests that community foundations have a **potential role to play in connecting younger donors to causes and organizations for which they are passionate.** Bessant notes that with traditional workplace giving programs on the decline,[15] such as those administered by the United Way, there is a need to rethink this model: "There's a really big social question here if we don't have our employers encouraging individual giving." She points to the possible role that community foundations can play in shaping the "individual giving model of the future" to build a culture and practice for the next generation of donors who care about local giving.

Key Takeaways

Bringing donors into closer alignment with a community foundation's local impact work is one of the biggest challenges that many of our interviewees cited throughout our conversations. As evidenced by those who have been successful, this work takes time, persistence, and creativity. It also necessitates **transforming the relationship with the donor from transactional to transformational,** which requires building a foundation of trust and communicating the value of the community impact work and why it matters. This section uplifts innovative strategies to more authentically drive a donor base toward place-based philanthropy. From creating pathways to giving through issue-specific funds, to engaging a broader donor base through creative fundraising tools, community foundations are increasingly experimenting with new approaches.

Participating community foundations unanimously agreed that they need to start thinking creatively about how to engage more diverse stakeholders, especially the next generation of givers who practice philanthropy differently from previous generations. This presents an opportunity for community foundations of the future to reimagine how their institutions may serve as knowledge and resource hubs for younger givers who are interested in learning more and may not know where to start.

Several key recommendations emerged for community foundations considering how to bring donors into closer alignment with their community impact work:

- **Issue-based funds** shaped around community needs are an excellent way to provide an option for donors to invest in more flexible products that can bring their philanthropy into closer alignment with the foundation's impact goals. This strategy can help build closer relationships of trust with donors, opening future opportunities for aligned grantmaking or unrestricted giving.

- **Fundraising campaigns** are one avenue to bring donors into closer alignment with the organization's broader strategy to raise funding for sustained community building work. While they take a number of different forms, campaigns require internal capacity and strategic alignment with the foundation's community impact goals in order to achieve their desired impact. Additionally, community foundations should be sensitive to any competition that campaigns may pose to the local nonprofit community.

- Cultivating **trusting relationships** with a subset of donors who understand and support community building will allow community foundations to scale their work and impact. These "ambassadors" can help contribute to an annual civic leadership fund or be called upon to support internal operations, and their partnership is essential to anchoring and institutionalizing community impact work.

- Community foundations might consider ways to **engage more diverse stakeholders** in their work to lay the groundwork for the future and to build a broader bench of support that is more representative of the community they serve. Strategies to engage donors of color, younger generations, and everyday givers will be necessary to adapt to the large-scale change brought about by generational wealth transfers and demographic shifts in the foreseeable future.

- As more community foundations pivot toward systems change work, it may be necessary to increase attention to **brand-building and identifying strategic ways to communicate** their impact in the regions they serve. Finding opportunities to uplift stories of impact and partner with local media may help to communicate the role of community foundations, why they matter, and how to get involved.

FEE RESTRUCTURING TO GENERATE FINANCIAL RETURNS AND MISSION ALIGNMENT

FEE RESTRUCTURING TO GENERATE FINANCIAL RETURNS AND MISSION ALIGNMENT

Donors often pay higher administrative fees to keep their DAFs at a community foundation (compared to a commercial provider like Fidelity or Vanguard), valuing their close connection to the local community. Community foundations also have more flexibility and imagination, and their deep understanding of regional needs allows them to craft effective philanthropic strategies, serve as trusted partners, and ensure their efforts lead to meaningful and lasting change in their communities.

As Matthew Randazzo, CEO of the Greater Cincinnati Foundation, explains, “We need to be able to make the case through our community work that an asset-based fee, or an administrative fee, is an investment in the community. We have to be able to differentiate our value proposition and be able to explain, defend, but most importantly, consistently deliver on why paying three times as much to have a DAF at a community foundation versus a commercial provider is a wise investment.”

Another interviewee describes a community foundation as "a financial services institution meets nonprofit" with a dual mandate: growing and stewarding assets while advancing community needs. This can create challenges as foundations work to develop and operationalize a business model that balances their value proposition as both a financial service provider and a community leader. For example, many community foundations we interviewed lacked the systems or discipline to track time and identify where revenue was being lost in certain business lines. Few conduct annual evaluations of DAF fees or customized donor services to benchmark against other providers. In some cases, foundations even waive fees and subsidize work that is aligned with their community building goals, viewing it as just another way to advance their mission, but miss out on revenue-generating opportunities.

These mixed and often conflicting roles make it difficult for community foundations to determine the right fee structures for their different products and services. Despite their distinct characteristics, most community foundations charge fees on funds and services. In our interviews, fee restructuring was where we observed the most experimentation, and we believe it could be a strong starting point for any foundation looking to rightsize their organization and align their business model with strategic goals.

Evolution of Fee Structures

Fee Restructuring on Donor-Advised Funds

For some community foundations, assets under management (AUM) fees are the most significant and reliable source of revenue with a large portion of these fees generated through DAF management. While many foundations are increasingly taking on community leadership roles, their core business model is centered on asset management. For most community foundations we interviewed, AUM fees cover a substantial portion of operating costs and sustain their day-to-day activities. Unlike restricted funds, AUM fees provide flexible revenue that foundations can allocate as needed. This flexibility is vital for addressing unexpected needs or supporting evolving community priorities, though in many cases the available funds may still be insufficient to fully meet these demands.

Many community foundations recognize the need to increase AUM fees in order to maintain financial sustainability. However, they are often reluctant to make changes due to competitive pressure from commercial providers, which offer lower-cost alternatives that could potentially lure fund holders away. Another common consideration is the time since the most recent fee change. Many foundations have not changed fees in more than a decade, and some fear fund holders may be resistant to change when fees have remained consistent. Lastly, foundations often do not have appropriate staff capacity to manage the research, preparation, communication, and implementation of fee restructuring.

Some foundations, like the Oklahoma City Community Foundation (OCCF), have begun to tackle these challenges. The foundation had long viewed its very low fees as both a competitive advantage and a service to the community, believing that keeping fees low attracted donors and allowed more money to flow back into the community. However, when Trisha Finnegan joined OCCF as its new CEO in 2022, she recognized that chronic under-resourcing was affecting quality of service and sustainability and limiting the foundation's ability to do more for those they serve. With fees unchanged in decades and equal to those of commercial funds, and recognizing an urgent need to rightsize revenue, she proposed raising AUM fees based on a market comparison. Finnegan relied on extensive benchmarking data to partner with the board to increase administrative fees and add a fee-for-service model. Although she succeeded in raising fees, Finnegan acknowledges at many levels the foundation is still undercharging for the services provided and plans to conduct a costing study in the future when the organization is better positioned to support the project. She also committed to fund holders that the foundation would review fees every three to five years to ensure they remain competitive, which could mean future increases, decreases, or both.

Other foundations are exploring different approaches to adjusting fee structures. The Foundation for the Carolinas (FFTC), for example, is considering allocating a percentage of donations to DAFs (starting at 1 percent) for community leadership activities. This approach would move the foundation beyond the traditional AUM fee model by incorporating direct contributions to support broader community building goals. CEO Cathy Bessant emphasizes the significance of even small contributions, stating, "Make it anything but zero." Similarly, the Santa Fe Community Foundation is exploring an optional fee on DAFs, allowing fund holders to "opt in" and contribute additional resources specifically to support the foundation's community leadership efforts.

Fee Restructuring on DAFs
Foundation Spotlight

The Challenge	The Approach
Competitive pressures make community foundations hesitant to adjust AUM fees, even as these fees may not generate enough revenue to fully support evolving community needs, strategic priorities, and operating expenses. This creates a tension between financial sustainability and the ability to invest in community leadership goals.	<u>Foundation for the Carolinas</u> May allocate a percentage of donations to DAFs (1% or more) to support civic leadership initiatives. <u>Santa Fe Foundation</u> May offer an optional, additional 1% fee on DAFs to fund its community leadership efforts.

Many foundations are also experimenting with more gradual fee adjustments. Some have started by raising fees on specific types of funds, such as scholarship funds, to gauge donor reactions. This phased approach helps foundations assess the impact on donor retention while laying the groundwork for broader fee restructuring, including adjustments to service fees.

Fee Restructuring on Funds

Recognizing the need to more accurately reflect the true costs of their increasingly complex service offerings, many community foundations are revising their fee structures and moving away from outdated models that underprice services. This evolution often involves difficult decisions, such as eliminating long-held funds and services that drain resources.

Fee Restructuring on Funds Foundation Spotlight	
The Challenge	**The Approach**
Legacy fee structures often fail to capture the true costs of providing services, resulting in underpriced support. As fund management becomes increasingly complex, this misalignment can strain resources and limit a foundation's ability to sustain high-quality service and community impact.	Pittsburgh Foundation Introduced a tiered pricing model for scholarship funds, aligning fees with the complexity of services required. San Francisco Foundation Incrementally increased indirect fees on project-based initiatives to provide a smoother transition for fund holders.

For instance, the Pittsburgh Foundation (PF), which last updated its fee structure in the 1990s, discovered through a comprehensive costing study in 2022 that many of its programs were significantly subsidized. According to Bryan Tait, Chief Financial and Operations Officer, the foundation's previous fee structure was primarily based on AUM and fund type, without adequately accounting for the amount of work involved. The study revealed significant subsidies across various funds and programs, including supporting organizations, agency funds, and scholarship funds, where fees were particularly misaligned with the real costs of management. It also revealed that while DAFs were not yet subsidized, they were trending in that direction. "Something like 80 percent of the new funds that came in were below that break-even number," Tait explains.

In response, the PF embarked on a restructuring process in mid-2023. This included cutting services to supporting organizations and introducing a new fee structure that better reflected the complexity of the services provided. The foundation began with scholarship funds, categorizing them into different service levels with corresponding fees: hands-off funds now incur a fee of approximately 1 percent; more hands-on funds are subject to a fee of 1.5 percent with a $100,000 minimum deposit; and high-touch funds carry a fee of about 2 percent with a $250,000 minimum deposit.

Similar challenges were faced by other foundations where existing fees were insufficient to cover the administrative and operational costs of managing certain funds. The San Francisco Foundation (SFF) undertook targeted restructuring of its fee model following its activity-based costing study in 2022. The analysis revealed that the foundation's previous fee structure was inadequate for covering the true costs involved, particularly for scholarship funds and other project-based initiatives. For instance, the foundation's indirect fee for projects and initiatives, previously set at 8 percent, was found to be insufficient to cover all indirect costs including human resources, finance, rent, and technology support. As a result, the foundation decided to incrementally increase this fee, starting with a rise to 10 percent, with the aim of eventually reaching 12 percent, which the study indicated would cover costs for the larger initiatives, although a 17 percent fee would be necessary to fully cover costs for all projects and initiatives.

SFF also recognized that the fee on scholarship funds, previously set at 1 percent, was unsustainable. Consequently, they increased the fee to 2 percent, though the scholarship funds are still unprofitable. Despite these challenges, SFF remains committed to maintaining these funds, particularly in the face of legal and political challenges to higher education access. This approach underscores SFF's dedication to sustaining impactful programs while ensuring that their fee structures better reflect the actual costs of service delivery.

In each case, these community foundations began with **modest fee increases with the potential for further adjustments to ensure both financial sustainability and efficiency in fund management.** These initial steps represent a cautious but necessary approach as foundations balance the need to cover operational costs with the risk of donor pushback or fund attrition. While the immediate changes address the most pressing financial gaps, these foundations expressed the need to continually assess and fine-tune their fee structures in response to evolving service demands, economic fluctuations, and donor expectations. Ultimately, these efforts underscore a broader industry trend: **a shift toward more dynamic, data-driven management practices that prioritize long-term sustainability over adherence to legacy models.**

Fee Restructuring on Fee-for-Service

Many community foundations are also increasingly turning to fee-for-service models as a strategy to diversify revenue streams and support long-term financial sustainability. These services not only generate income but also provide opportunities to build deeper relationships with clients—including donors, fund holders, nonprofit partners, and government entities—by aligning them more closely with the foundation's strategic goals. From our investigation, approaches varied across foundations and generally differed in three key areas: how foundations determine the target audience for fee-for-service work; how foundations define the specific services provided (e.g., grantmaking facilitation, operational support, or boutique consulting); and how foundations establish pricing.

The complexity and customization of services often dictate pricing, with more-specialized offerings requiring higher fees. Some foundations also factor in the unique value they provide through their expertise, reputation, and network connections, as well as the historical relationship with their clients. Among the foundations we interviewed, pricing strategies varied, including flat fees, hourly rates, tiered pricing based on service complexity, and customized or project-based models tailored to specific client needs. In each case, the **chosen model reflected the foundation's unique strategic goals, client relationships, and specific services offered.**

One example is the Community Foundation for Greater Buffalo (CFGB). After completing an activity-based costing study, the CFGB made the strategic decision to close nearly 100 funds that had a $1,000 minimum and no fee, and that had resulted in purely transactional relationships between the foundation and its fund holders. CEO Betsy Constantine explains that this shift was necessary to move from a high-transaction model to one better aligned with the foundation's community leadership goals. CFGB also added a fee-for-service business line, categorizing its services into three main buckets: services for individuals, families, and foundations; services for government partners;

and collaborative efforts with varied involvement. This restructuring allowed the foundation to ensure that all services are priced to result in net positive income, reflecting their strategic objectives and financial needs.

Fee Restructuring on Services Foundation Spotlight	
The Challenge	**The Approach**
Community foundations must balance the need to diversify revenue streams and maintain long-term financial stability while finding effective ways to align their client base with their mission and strategic priorities.	Community Foundation for Greater Buffalo Restructured its fee model by closing low-value funds, shifting to a fee-for-service approach with three pricing categories, and leveraging data-driven insights to develop a scalable, cost-based pricing strategy.

The CFBG's fee-for-service pricing varies based on the client and relationship. For instance, multi-generational families and long-time supporters of the foundation are priced differently than externally-managed family foundations. This pricing strategy is guided by detailed timesheet data that analyzes relationships and historical trends. Currently, fee-for-service revenue is less than 5 percent of the foundation's overall income, but it represents a growth opportunity. The CFGB is now working to streamline and scale its pricing process with a customized menu based on service costs, as part of an ongoing organizational redesign. And when evaluating fee-for-service opportunities, the foundation considers their overall value. High-transaction services[16] are only pursued if they offer significant financial returns or strategic alignment, with a focus on building deep relationships with family foundations and ensuring government partnerships or collaborative efforts are financially or strategically rewarding.

Similarly, Liz Carey, CFO of Silicon Valley Community Foundation (SVCF), explains that the foundation's initial revenue structure prior to 2020 relied heavily on AUM fees. To diversify revenue sources and reduce dependency on market fluctuations, SVCF eliminated five unprofitable service offerings and focused on those where they held a competitive advantage. The foundation discontinued services that could be provided more efficiently by local partners, shifting to a fee-for-service model targeting donors that required limited advising services but made high-volume grant recommendations (300–500 grants per year).

SVCF developed a pricing model based on grant complexity and volume, negotiating master service agreements with each donor. This strategy has proven successful, with donors willing to pay costs plus a 25 to 30 percent margin to ensure sustainability. SVCF is on track to shift approximately 20 percent of total revenue from AUM to fee-based in 2025. Like the CFGB, SVCF's fee-for-service pricing is informed by an activity-based costing study and a time tracking system to accurately assess resources dedicated to institutional donors. This approach allows the foundation to cover actual costs, add a margin, and maintain flexibility for growth.

Flexible Service Agreements

Another approach to fee restructuring involves leveraging **flexible service agreements, which empower community foundations to regularly reassess and align service costs with actual expenses.** These agreements adapt to clients' evolving needs and offer pricing flexibility. In doing so, they help maintain strong client relationships and keep services aligned with the foundation's strategic goals and financial sustainability.

The Omaha Community Foundation (OCF) exemplifies this approach through its customized fee-for-service offerings tailored to the needs of individuals, families, and private foundations. In 2018, the foundation began to offer specialized services, and by July 2024 the foundation was serving multiple private foundations, building on years of operational and back-office support.

A key challenge was establishing a fee structure for these highly customized services. Initially, the foundation considered charging hourly rates but found that this model could hinder the trust and open dialogue necessary for evolving client relationships. Instead, the foundation adopted a flat fee structure with annual agreements that include a reassessment clause, which allows the foundation to review and adjust fees each year based on the services provided and the client's changing needs.

Though this model may undercut fees initially, Vanessa Denney, the OCF's Vice President of Philanthropic and Donor Services, notes it puts them in a position to establish trust: "We've shown our value, and we've proven ourselves as a partner that deserves to have a seat at the table." The foundation's flexibility in adjusting services and fees ensures tailored support and alignment with actual services provided. For clients without foundation-managed funds, services such as strategic planning and succession planning are structured through a memorandum of understanding based on project duration. This flexible, client-focused approach enhances financial sustainability while strengthening relationships, positioning the foundation as a leader in customized philanthropic services.

Data-Driven Decision-Making

Nearly every community foundation leader we interviewed highlighted the critical role of an **activity-based costing study as an essential first step in aligning resources with strategic goals.** These studies enable foundations to assess both direct and indirect costs—such as staff time, resources, technology, and overhead—while also pinpointing areas where revenue is generated, services are subsidized, or losses are incurred. By grounding decisions in detailed cost analysis, foundations have begun to strategically realign their resources so that their fee structures not only support financial sustainability but also advance long-term community impact.

Some community foundations, such as Silicon Valley Community Foundation, the Pittsburgh Foundation, and the Community Foundation for Greater Buffalo (CFGB), have also adopted time tracking systems to better understand staff time allocation for managing specific funds and services. Although these systems can be tedious and often unpopular among staff, they are important tools for aligning resources with strategic goals and justifying changes in services, internal capacities, and pricing.

The CFGB adopted a particularly rigorous approach to data-driven decision-making. In addition to conducting a comprehensive activity-based costing study at regular intervals, the foundation also implements meticulous time tracking practices. Every team member completes a timesheet detailing their time allocation across various activities, from administrative tasks to specific client work and leadership initiatives. This approach not only informs internal decision-making, but also provides clear insights to the board, committees, and leadership about where investments are being allocated. By leveraging these insights, the foundation transitioned from a transactional approach to a more strategic one, better aligning its efforts with long-term community leadership goals.

Building Trusted Relationships Through Transparency and Communication

In every interview, community foundation leaders highlighted the importance of transparency and ongoing communication in fostering and sustaining trust with stakeholders. These practices strengthen relationships and help align various stakeholders with the foundation's strategic priorities, reinforcing the foundation's role as a key community leader rather than merely a service provider. As stakeholders increasingly recognize the unique value that community foundations bring, these strengthened relationships can be leveraged to support future fundraising initiatives.

While some leaders initially expressed concerns that new fee structures and service models might alienate fund holders and donors, their experience suggests that most are willing to adapt if they are approached early and with transparency. Leaders emphasized the importance of using data from activity-based costing studies and a robust communications strategy to educate fund holders and donors about the true costs of the foundation's work and the challenges associated with unprofitable funds and services. When foundation staff are well prepared for these potentially difficult conversations and maintain transparency, changes to fee structures are generally well accepted. It also hinges on **bringing key stakeholders—particularly board members, fund holders, and donors—into alignment.** Transparent and consistent communication is crucial to maintaining trust and ensuring all parties understand the rationale behind fee adjustments and the long-term benefits they provide.

At the Pittsburgh Foundation (PF), communication about fee changes began early, even before specific adjustments were determined by leadership. In some instances, the possibility for changes was shared informally via email or during in-person opportunities. Subsequently, PF staff discussed these anticipated changes during their 2023 annual review meetings with donors, which were held either in person or via video calls. Once the changes were finalized and approved by the board, PF followed up with additional emails and letters to inform donors that the new fees would take effect in 2024.

Oklahoma City Community Foundation (OCCF) took a similar approach. For individuals starting or adding to a fund within about nine months of the anticipated effective date for new fees, OCCF provided advance notice. The simple message highlighted that while the specific changes had yet to be finalized, fee increases were anticipated in 2024. They assured donors that any adjustments would be carefully considered, kept minimal, and communicated with as much notice as possible. The OCCF included this message in discussions about new funds or contributions to ensure transparency from the outset.

When announcing the finalized changes, OCCF implemented a tiered approach: (1) Level 1 High-Touch Fund Holders, who received personal phone calls or meetings with the CEO and/or VP of Development to discuss the fee adjustments and their impact on individual funds two weeks before formal notifications were mailed; (2) Level 2 High-Touch Fund Holders, who received personalized emails from the VP of Development or Donor Services Director, detailing the fee adjustments, their impact, and an offer to discuss further, also two weeks before letters were sent; and (3) Remaining Fundholders, who received a letter from the CEO updating them on the fee adjustments and providing relevant details.

Finnegan notes that she strongly recommends in-person meetings with select donors prior to board approval, emphasizing the value of personal engagement. While her foundation ultimately did not pursue this approach, she offers it as a suggestion to those contemplating the best way to communicate price increases.

According to Carey of Silicon Valley Community Foundation (SVCF), the more transparent the foundation was with donors throughout the price restructuring process, the more they "got it." She notes that this was both surprising and encouraging. SVCF successfully demonstrated that their services were priced competitively, with some donors returning after exploring other options. Carey shares two examples of donors who initially disagreed with the restructuring but, after exploring the market, returned to SVCF, assured of their decision.

When the Community Foundation of Greater Buffalo (CFGB) closed 100 funds and transitioned to a fee-for-service model, 70 of those fund holders chose to make the transition with them. This was viewed as a win; not only were the high-transaction, non-relational funds closed, but the foundation also retained a committed client base that believed in its value, and the foundation is now better positioned for deeper relationship building. Since these changes, the foundation has experienced exponential growth in the 15-year period that followed.

Operational Adjustments and Challenges

Implementing these changes has not been straightforward for many community foundations. **It often requires restructuring staff, realigning roles, and investing in operational systems and technology to deliver services effectively.** This process involves evaluating the expertise of existing staff, assessing resource availability, and determining whether additional training or hiring is necessary to provide high-quality services. The challenges faced by each foundation vary based on their unique contexts and strategic goals, but in every case, there is a clear recognition of the importance of adapting hiring practices to recruit staff with specialized expertise, such as deep knowledge in estate planning or the ability to align donor interests with the foundation's broader community goals.

The Omaha Community Foundation (OCF) serves as an exemplar of these operational adjustments. As the foundation pivoted toward more customized services, it became evident that restructuring its teams was essential to meet the complex needs of clients. To provide the high level of service required, particularly in navigating challenging family dynamics and succession planning, OCF created a dedicated philanthropic services team distinct from their donor services and programs teams. This new philanthropic services team offers specialized expertise in areas such as legacy planning and relationship management, which is crucial for competing with other philanthropic advisors. OCF's careful handling, clear communication, and detailed planning have been instrumental in ensuring smooth transitions and maintaining strong client support during these operational changes. By positioning itself as a respected, neutral party and a community-focused resource provider, OCF effectively countered competitive pressures.

Similarly, the Pittsburgh Foundation (PF) is now educating its board on the importance of improving internal capacities, such as technology systems. These operational investments can run into initial resistance, but Tait compares them to research and development, emphasizing, "We need to spend money just to see what works because we're not going to have the perfect plan initially." Silicon Valley Community Foundation has made significant strides in leveraging technology to support its fee-for-service model. By investing over $6 million in technology platforms like Salesforce, the foundation has successfully automated more than 30 percent of its grantmaking processes, with Carey confident they can reach 70 percent automation. These investments have been crucial in reducing costs and freeing up staff for more complex tasks, making the fee-for-service model not only viable, but scalable. Carey notes, "We've built a system that allows us to scale operations effectively, moving staff where they're needed most to accelerate processes and enhance overall efficiency."

Key Takeaways

Fee restructuring is not merely a technical adjustment for community foundations; it represents a profound shift in how these organizations are beginning to align their financial models with their strategic goals. As foundations increasingly step into leadership roles within their communities, the need for sustainable, adaptable, and transparent financial practices has become essential.

These examples highlight that, while each foundation's approach may differ, there are clear commonalities**: the critical role of data-driven decision-making, the importance of maintaining trust with stakeholders, and the need for operational flexibility to meet changing donor and community needs.** Whether through the adoption of regular activity-based costing studies, a shift to fee-for-service models, or the implementation of flexible service agreements, these foundations have made thoughtful adjustments to ensure long-term sustainability while continuing to honor their missions.

Looking ahead, it's clear that community foundations must continue to innovate in their financial practices to remain responsive to the needs of their communities. This involves refining fee structures and anticipating future challenges—whether they be economic shifts, evolving donor expectations, or the increasing demand for transparency.

As community foundations consider their approach to fee restructuring, the insights shared here provide valuable guidance. Regular reassessment, transparent communication with stakeholders, and a commitment to mission-aligned financial strategies will be key to success. In today's rapidly changing philanthropic landscape, the foundations that effectively balance financial sustainability with their community leadership goals will be best positioned to drive meaningful, measurable impact. By adopting some of these strategies, community foundations can help secure their financial future while continuing to be a vital force for positive change in the community.

Several key recommendations emerged for community foundations considering fee restructuring:

- **Know Your Value:** Many community foundations tend to underprice their services and products, but they need to understand—and quantify—the value proposition they are providing to their clients and the community. Being open to fee restructuring will allow community foundations to unlock more revenue to support and scale their community impact work.

- **Invest in Data:** Adopting a data-driven approach is essential, and community foundations should regularly conduct activity-based costing studies to pinpoint overly-subsidized activities and identify where resources need to be redirected. If possible, implement a time tracking system to gain insights into how staff resources are allocated. Use clear, transparent data to guide changes, tailoring fee structures and service offerings to fit the foundation's unique context. While benchmarks from other foundations can offer guidance, customization to a foundation's specific situation is key.

- **Share Data:** Community foundations may also consider routinely sharing and benchmarking price increases to learn from others' experiences and develop more industry standards and norms around fee structures.

- **Experiment and Stress Test Changes:** Starting with small-scale experiments in fee restructuring—such as adjusting scholarship fund fees—can help community foundations gauge how pricing changes might affect donor retention and revenue. Before fully implementing these changes, conducting a stress test using data from costing studies and donor feedback allows foundations to assess potential impacts on overall financial stability, donor engagement, and operational capacity.

- **Build Trusted Relationships:** Clearly communicating price changes and the value of services is essential to building and maintaining trusted relationships with fund holders and donors.

BEYOND GRANTMAKING: INVESTMENT STRATEGIES THAT LEVERAGE CATALYTIC CAPITAL FOR COMMUNITY IMPACT

BEYOND GRANTMAKING: INVESTMENT STRATEGIES THAT LEVERAGE CATALYTIC CAPITAL FOR COMMUNITY IMPACT

Some community foundations are moving beyond traditional grantmaking to utilize investment dollars to advance their community impact goals. Notable examples from our interviews include investments in BIPOC-owned businesses struggling to keep afloat during uncertain economic times, the development of affordable housing units to help house migrant families, and real estate investments to revitalize historically redlined neighborhoods, among others. While some of these funds may only deliver at or below market rate returns, they allow capital to be recycled back into the fund while delivering meaningful community impact.

According to Dr. Shanaysha Sauls of the Baltimore Community Foundation, "Impact investing creates this virtuous cycle where you're investing money into the community, the money is returned, and you reinvest into the community." As impact investing becomes a more attractive area for business model experimentation, there are various approaches to pursuing this work for larger and smaller foundations alike.

Different Investment Approaches

Many community foundations started small with their impact investing to provide the opportunity for experimentation and to assess risk. For example, the Ann Arbor Area Community Foundation (AAACF) allocated 1 percent of their $200 million investment pool into an impact investing fund that invests in mortgage-backed securities focused on lower-income neighborhoods in their county. By reducing the cost of capital for developers, this investment helped to make housing more affordable for residents in historically marginalized neighborhoods, creating new generational wealth. According to AAACF's CFO and VP of Operations, Jamie Hunter, making the case to the investment committee was challenging due to the risk of a lower return on impact investing funds than traditional investment portfolios. To address this concern, AAACF **created a dedicated impact investing committee** with knowledge and experience in impact investing to guide the process. Hunter notes that the fund has averaged around 5 percent returns, lower than their overall portfolio, but the investments are helping to advance their mission and scale their community impact.

Several community foundations we interviewed began their impact investing journey by providing **concessionary capital in the form of below-market rate loans** to organizations that have been historically excluded from traditional markets. The St. Paul & Minnesota Foundation has been involved in this form of lending for the last two decades. Lending remains a small part of their $1.6 billion portfolio—roughly $8 million—but provides an essential service for organizations needing loans as they await federal funding, which can typically take several months to arrive. According to the foundation's CFO Scott Zastoupil, these bridge loans have allowed developers to start work on building affordable housing units without having to wait for their federal funding to arrive, serving an important need in their local community.

As fund holders at the foundation learned more about this social investing approach, they signaled interest in becoming co-investors. Zastoupil continues, "We opened a donor-led program-related investments pool and we received nearly 40 donors that signed on at over $1 million. With their participation, we were able to do a loan to an organization called Land Bank, which purchased land with the intention of capturing strategic real estate opportunities to benefit people with low to moderate incomes, prioritizing people of color and populations facing barriers." While this co-investment strategy is relatively new, Zastoupil says it is an area of exploration for the community foundation and presents an opportunity to **engage fund holders and donors outside of traditional grantmaking.**

At the Denver Foundation, they have used concessionary loans to invest in small and minority-owned businesses. According to Ben Perry, Senior Director of Philanthropic Investments, thinking creatively about their investments opened an opportunity to make a loan to a Black-led dance company that was building a new center in a historically Black neighborhood in Denver: "The Cleo Parker Robinson Dance Company came to us with a gap in their capital stack during their private fundraising campaign. They had new market tax credits, and we were confident on repayment, so we turned around a quarter-million-dollar loan in three months, which for us was fast." Perry underscores that the foundation isn't a huge player in impact investing—to the tune of around $7 million annually—but they value the intangible benefits the investments deliver for community impact. This example reveals an opportunity for community foundations to leverage their investment portfolio—and those of their fund holders—to **provide fast and flexible financing** to organizations that need an urgent lifeline.

Some community foundation leaders found that grantmaking was not always enough to address the outstanding challenges in their communities. According to Isaiah Oliver, who is currently the President of the Community Foundation for Northeast Florida (CFNEFL) and previously led the Community Foundation of Greater Flint, "Impact investing is a way of leveraging our capital to lean into spaces that we haven't before, and I think that is the evolution of community foundations." Oliver notes, "The community needs access to capital, and 'equity' for us means leveraging our capital to meet this need." CFNEFL has an $8 million concessionary capital pool that is completely funded by donor gifts and DAF investments. Oliver underscores that their **donors wanted to see themselves as co-investors** in the community.

Looking beyond concessionary lending, some community foundations are expanding their impact portfolios to include equity investments which typically yield below-market returns. According to CEO Matthew Randazzo, the Greater Cincinnati Foundation (GCF) has been in the impact investing space for over 20 years and has created over $120 million in community investment. Initially focused on housing, Randazzo explains that GCF has expanded to economic mobility and workforce initiatives, particularly targeting racial equity: "We have really focused our equity investments in initiatives that are lifting up mostly Black entrepreneurs and small business owners. Our most recent example is a joint venture with the regional Chamber of Commerce to help Black-owned businesses acquire other Black-owned businesses that do not have a succession strategy." GCF's equity investments are averaging 5 to 6 percent annual returns, but more importantly are helping to **grow the wealth of Black entrepreneurs and support Black-owned businesses** that might otherwise have to close their doors during uncertain economic times.

The Cleveland Foundation is a national leader in impact investing with over $810 million in direct and indirect impact investments and a goal of reaching $1 billion by 2028. With four decades of experience, the foundation has experimented with a wide range of social impact investment approaches.[17] Rosanne Potter, Chief Growth Officer and CFO, describes their approach as "[using] our entire balance sheet to enhance all of our impact goals." One of the foundation's strategies has been to invest in neighborhoods through land acquisition and development, which they have funded through a mission-related investment internal loan from endowed funds and the New Markets Tax Credit Program (a government funded program that encourages investment in underdeveloped communities): "With our first program-related investment back in the early 1980s, we bought the boarded-up buildings where Playhouse Square[18] now exists, and in essence, we saved what was going to be a demolished theater district."

In October 2024, the foundation launched the Impact Cleveland Investment Pool, which allows their donors and fund holders to invest directly into 21 Cleveland-based public companies and local venture funds. According to Potter, "Cleveland public companies have significantly outperformed large-cap index funds by 2 to 3 percent in the last 10 years, which really demonstrates the value of investing locally." The Impact Cleveland fund invests 75 percent of the fund in local public companies and up to 15 percent in mission-related investments, which allows donors to leverage both financial and social returns. In its initial month, this **first of its kind "place-based impact pool"** returned 5.5 percent to investors.

These examples highlight the various investment approaches that community foundations are using to advance financial and social returns. However, as the next section will illustrate, it takes a certain degree of structural realignment and internal capacity building to successfully support impact investing, especially at scale.

Internal Alignment

The Community Foundation for Greater Atlanta (CFGA) has been in the impact investing space since 2017. According to CEO Frank Fernandez, this form of investing is still very new to the American South. In reflecting on key lessons learned from CFGA, Fernandez recommends that community foundations identify the problem they are trying to solve, the population they want to serve, and then determine if impact investing is the right tool to advance their goal. Fernandez also stresses the **importance of internal alignment**: "Most of the work we do as a foundation philanthropically is organized around an issue area—education, housing, arts—as the organizing framework. [In contrast] impact investments are actually organized around a product, and integrating the two from a marketing and staffing perspective is actually a lot more challenging than we realized." Affordable housing was a strategic way for CFGA to deploy their investment capital toward a problem that was central to their community impact agenda, and they were able to leverage other sources of private and institutional capital to grow their Affordable Housing Fund.

Sauls of the Baltimore Community Foundation (BCF), insists that impact investing should not be treated like a side project but rather as core to the mission: "We can now do discretionary grantmaking, DAF grantmaking, advocacy, and impact investing." As impact investing has become more central to BCF's mission, it has also required **structural changes to achieve better institutional alignment**. One example is the implementation of a cross-functional impact investing working group that is composed of staff from community impact, donor development, donor services, and finance departments who meet every other week to discuss potential deals. Sauls points out that more of the deals are initiated by their program officers, who bring opportunities forward from their portfolios. Working cross-functionally has brought numerous benefits for community foundations looking to better align their teams and emphasize impact investing as a core function of their mission.

Scaling Impact Funds

The size of impact investing funds varies by each foundation depending on the following conditions: the size of the assets; the size of the endowment (if they have one); the flexibility of the funds (restricted or unrestricted); the risk appetite of their board and/or investment committee; and the interest in co-investment from their fund holders. We observed that most impact investing funds grew over time as community foundations have become more knowledgeable and comfortable with impact investing, often building internal capacity through a dedicated team or third-party advisor. These new opportunities for social investing attracted fund holders, donors, and outside investors, who helped to scale the size of these funds and the corresponding community impact.

Community foundations looking to expand their impact portfolios can draw lessons from those with a longer track record. The first is building **the internal capacity** necessary to source and structure their own deals internally instead of working with third-party investment advisors. Growing an in-house team with technical and community expertise has allowed some community foundations to diversify their portfolio and recruit more investors. The St. Paul & Minnesota Foundation scaled their in-house investment team from four to eight staff over a five-year period, no longer relying heavily on external consultants. According to Zastoupil, the savings from no longer outsourcing to expensive consulting firms more than covered the additional staff costs. Most importantly, it also created the opportunity to align the foundation's investment strategy with community impact. The finance team will soon launch two new pooled funds: a concessionary loan pool that invests in local nonprofits and a market rate impact pool that invests in local businesses and startups.

The Community Foundation for Greater Atlanta found that a **more-specialized team** was necessary to support the scale of their investments, which required technical expertise in compliance, due diligence, and reporting requirements, among other areas. Fernandez emphasizes the change management work involved: "There's not only the change of systems and processes, there are new things you have to do that you did not necessarily have to do when you do grants, like asset management compliance. This work doesn't fit neatly in the existing box that some of our staff were trying to make it fit into. Instead, we had to build a slightly different box to make this work possible."

One challenge presented with building an internal team of investment professionals is the risk that these roles command higher salaries, and in a competitive market, they can often be recruited by higher-paying institutions. One CFO lamented that their investment manager was "poached" by a large global foundation that could double their pay. As such, recruitment and retention of talent with specialized knowledge and skill sets can present increased risk, but for some it is worth the cost of the degree of specialization they can bring to the social impact portfolio.

Another key lesson in scaling has been to **include donors as co-investors.** This has allowed some community foundations to increase the size of impact funds and to bring donors into closer alignment with their community impact goals. The Greater Cincinnati Foundation has been successful in encouraging DAF holders to invest in their impact investing pool, which has resulted in millions of dollars in co-investment from fund holders over the past five years, mostly in housing-focused impact strategies. Randazzo explains that they frame these investments as alternatives to traditional grants: "It is about relentless donor education. It's not about having an ESG strategy. It's about doing some substantial impact investing, in addition to or in some cases in lieu of the traditional grants that you've been making. That has been our way to unlock new opportunities."

The Ann Arbor Area Community Foundation used **investment "salons"** as a tool to bring their fund holders into direct contact with community development financial institutions (CDFIs) which showcased local investment opportunities. These salons elicited considerable interest from donors, who started writing checks, revealing an appetite for more creative investing.

When the Baltimore Community Foundation (BCF) began impact investing in 2018, the donor reaction to co-investment was lukewarm at best. But by 2022, donors were curious. According to Sauls: "The enthusiasm was much higher, and we saw more people not only participating, but eager to learn more." BCF launched the "Invest for More" impact investing program, which makes focused investments in local companies and funds. BCF fund holders can **allocate a portion of their DAF toward the impact fund,** with the option of locking up that investment for seven years while generating a return, or they can invest into a designated impact investing DAF with the ability to direct their funding into a deal of their choice.

A significant piece of this work for Sauls and her team is determining which deals (they typically range from $100,000 to $1.5 million) to present to which donors. Sauls's approach to deal-making differs from other foundations we interviewed because she doesn't insist that there be alignment between the investment opportunity and the foundation's community impact goals: "There is an art of the deal, and I didn't want to box us in by saying 'no' to very good deals because they didn't fit some kind of narrow definition of whether or not this fits within our community impact framework. So the only requirement is that it's local."

Go Big, Or Go Home

Since arriving at the Community Foundation for Greater Atlanta (CFGA), Fernandez has made it an institutional priority to grow their impact investing funds. "I moved to Atlanta 10 years ago from Texas," he says. "There are a lot of great things from Texas, and one of those is the motto 'go big, or go home.'" Fernandez describes their **pursuit of big funders** to corporations, banks, private foundations, and ultra-high-net-worth individuals and families. This strategy has paid off as CFGA scaled their "GoATL" impact fund from $15 million to upwards of $200 million by attracting significant investment from institutional donors and partners. Their impact fund is targeting a 3 to 4 percent annual return, but more importantly they are delivering cost-effective loan capital to innovative intermediaries, such as CDFIs, and direct investments in affordable housing and economic inclusion. Fernandez emphasizes that small-scale funds may not attract significant enough investment from institutional funders or have the desired social impact. In his experience, passing the $15 million threshold was transformative for CFGA and allowed them to dramatically scale up the size and impact of their investments.

Impact Investment Data of Interviewed Foundations	
Foundation	**Total Invested in Impact Investments***
The Cleveland Foundation	$810M
Community Foundation for Greater Atlanta	$150M
Greater Cincinnati Foundation	$30.1M
St. Paul and Minnesota Foundation	$30 M
Community Foundation for Northeast Florida	$13M
Baltimore Community Foundation	$11M
Ann Arbor Area Community Foundation	$7.1M
Denver Foundation	$7M
The Cleveland Foundation	$810M
Community Foundation for Greater Atlanta	$150M

**Both direct and indirect investments*

This table illustrates the total amount invested in impact investments by each community foundation profiled in this section. The data was self-reported by foundation leaders via interviews through Q3 and Q4 2024.

Key Takeaways

Impact investing is a powerful tool to complement and often enhance a community foundation's social impact goals. It can deliver a unique service or value to the community that traditional grantmaking alone is unable to provide, making it a central feature of a foundation's community change toolbox. Community foundations are uniquely positioned to provide flexible financing that can support small businesses, affordable housing, and contribute to generational wealth creation. Many of our interviewees commented on how interested donors are in impact investing, which opens this area for growth and experimentation. Impact investing may not be the right approach for every community foundation depending on some of the conditions outlined in this section, but those interested in experimenting with this investment approach may find value in the lessons gleaned from our interviews.

Several key recommendations emerged for community foundations considering innovative investment strategies:

- **Board Specialization**: Some community foundation boards have been hesitant to devote foundation assets toward impact funds as they often deliver below-market returns and are still relatively new investment areas with associated risk. Community foundations have orchestrated special impact investment committees on their boards to welcome more specialized knowledge about this form of investing and to provide an additional layer of influence and expertise.

- **Start Small:** Many community foundations start by allocating a small percentage of their endowment fund to an impact investing pool to experiment and gauge their appetite for risk. If there is interest in scaling up their impact funds, community foundations can engage their fund holders, donors, institutional investors, and private foundations as co-investors.

- **Stay Local:** Community foundations can source and invest their impact funds in local deals to ensure they advance community impact goals and keep investment capital directed toward urgent community needs. This can also be an attractive avenue for donors looking to maximize their impact outside the traditional avenue of grantmaking.

- **Develop Expertise:** Dedicated investment managers can help to both source local investment deals and conduct the required due diligence as foundations scale up their impact investing pools. These roles can sometimes be funded by returns on investment funds but often require an up-front financial commitment to build this internal capacity.

- **Internal Alignment:** Making impact investing a central part of the foundation's community impact strategy will bring it into closer alignment with the organization's other key functional areas such as fundraising, donor relations, and community grantmaking. This will often generate more opportunities for creative investing and build continuity between the various levers for change within a community foundation.

PARTNERSHIPS TO UNLOCK REVENUE AND IMPACT

PARTNERSHIPS TO UNLOCK REVENUE AND IMPACT

Community foundations are well positioned to tackle local challenges not only through their financial resources but also by harnessing a rich array of non-financial capital. These include their reputational influence, convening power, expansive networks, deep understanding of local issues, and, perhaps most importantly, the trust and relationships they've built with community stakeholders. Together, these assets enable community foundations to serve as key connectors and facilitators, bridging resources and expertise to foster collaboration across sectors.

According to many of the community foundation leaders we interviewed, partnerships are increasingly central to their work advancing and influencing community impact goals. Insights from our interviews revealed that strategic partnerships enable foundations to address pressing needs at a scale and speed that they would be unable to deliver on their own, and in some cases, generate financial benefits alongside impact. The structure and objectives of the partnerships we learned about varied widely and are shaped by factors such as local demographics, community needs, the economic landscape, government dynamics, and the broader nonprofit ecosystem.

By embracing diverse partnership models, community foundations are discovering innovative ways to unlock new resources and achieve greater community impact. The following examples can serve as a learning tool for the community foundation field.

Government Partnerships

One way community foundations are unlocking resources to scale their community leadership work is by partnering with **government leaders at the local, state, and federal levels.** These partnerships have opened the door to a range of public funding opportunities and allowed foundations to align their community impact goals with those of government partners. By partnering with local and state governments, and accessing federal funds through programs like the American Rescue Plan Act (ARPA) or grants from agencies such as the Environmental Protection Agency (EPA), foundations are able to advance shared goals that tackle community needs in areas like housing, economic development, and civic infrastructure.

Government funding is a particular area of interest for community foundations seeking to find new pathways to scale community leadership and civic infrastructure efforts. Despite the opportunities federal funding presents, many foundation leaders expressed hesitation to pursue these resources directly due to the significant administrative capacity required to manage federal funds, namely staff time and expertise for compliance and reporting. For smaller or less-resourced foundations, navigating these processes can stretch thin their already-limited resources and divert attention from other priorities. Some also acknowledged a reluctance to partner with the government due to the perceived red tape and administrative burden of implementing government funding. Amidst the uncertainty of this political moment, it may be more challenging for community foundations to access reliable sources of federal funding to scale up their community impact work. The examples that follow may serve as valuable reference points from different historical periods to illustrate the possibilities and potential of government partnerships when the conditions are more opportune.

For Isaiah Oliver, formerly CEO of the Community Foundation of Greater Flint, the Flint water crisis presented an opportunity to leverage state and federal resources and build the foundation's capacity to channel these resources for local relief efforts, while capturing some earned income in the process. According to Oliver, once community foundations "move beyond" the fear of the Single Audit reporting, or the back-office capacity needed to administer these grants, they will realize the opportunity. **Government grants offer a higher fee structure**—upwards of 25 percent—which allows the community foundation to build the specialized capacity and operational infrastructure to administer these grants. Oliver acknowledges that while new forms of partnerships can be intimidating and require some risk tolerance, they challenge community foundations to think beyond the transactional relationship of community banking and toward new models that generate higher financial and social returns.

The San Diego Foundation (SDF) is another example of how community foundations can leverage federal funding to enhance their impact. CEO Mark Stuart recognizes that securing "federal, state, and county budget dust" **requires a significant upfront investment in time and capacity, but the rewards are transformative.**

Recently, SDF secured a combined $42 million in state and federal funding to tackle critical issues in San Diego, including environmental justice, climate resilience, and systemic inequities. Acting as the fiscal sponsor for the Environmental Health Coalition and 10 other nonprofits, SDF received $22 million from the California Strategic Growth Council's Transformative Climate Communities grant. When the original grant was reduced from $30 million to $22 million, SDF committed substantial resources—engaging their grant writing team and consulting community partners—to pursue EPA funding, ultimately securing an additional $20 million.[19] This not only closed the gap but expanded the project's scope.

The funding will be pivotal in addressing climate and environmental challenges while strengthening partnerships with local organizations. Stuart acknowledges that **federal grants, while highly rewarding, bring complex requirements**. To navigate these, SDF relies on the Policy and Innovation Center (PIC), a 501(c)(3) created in partnership with the County of San Diego and the Brookings Institution. PIC provides the expertise, infrastructure, and capacity to secure and manage government grants.

Although closely aligned with SDF's mission, PIC operates independently and is led by a former senior county government official with deep expertise in coalition-building and government processes. Stuart notes, "If we had hired someone from philanthropy to lead this group, we would not be where we are today." This specialized leadership has been critical to cultivating relationships with government leaders and aligning state and federal grant opportunities with SDF's strategic goals.

PIC's mission is to unlock the region's potential by cultivating and building partnerships. Its niche is to address intractable issues that can only be solved with cross-sector, multi-jurisdictional collaborations. It is currently in the contracting phase for a $60 million state grant to support a mental health workforce training program, further cementing its role as a driving force for impactful community partnerships.

Building Local Government Capacity

The Community Foundation Boulder County (CFBC) demonstrates how community foundations can collaborate with government and across sectors to **deepen community engagement and impact**. Boulder County received over $63 million in American Rescue Plan Act (ARPA) funds, and CFBC played a key role in ensuring those funds were deployed strategically, with community needs at the forefront. Recognizing that ARPA funds could otherwise be directed toward smaller, isolated projects instead of broader, community-wide initiatives, CFBC stepped in to help guide the process. According to CFBC's CEO Tatiana Hernandez, the **flexibility of government funds** is a key factor in helping them decide whether they will engage in government partnerships. ARPA funding provided a flexible example of how a community foundation can engage in a government partnership to help fill gaps that the federal restrictions may miss. CFBC secured support from a private foundation and the county, supplemented by a small grant from their own discretionary fund, to support a county-wide community engagement process.

Through this partnership, CFBC prioritized transparency and equity and ensured residents were actively involved in deciding how ARPA funds should be used in the community. By collaborating with local government, private philanthropy, and local community organizations and leaders (who were compensated for their contributions), CFBC helped direct these funds toward the most critical community needs, including economic mobility, mental health, and housing.

The City of Boulder, while not a partner in the county-wide community engagement effort, received an additional $20 million in ARPA funds. The city chose to align with the outcomes of the county-wide ARPA community engagement process by launching a basic income pilot, Elevate Boulder, aimed at providing low-income households with $500 per month for two years. Approximately $3 million of ARPA funds went to the basic income pilot alone. CFBC contributed $80,000 from an unrestricted fund to support outreach and a thorough evaluation process, with the goal of paving the way for a future ballot measure.

Although CFBC didn't financially benefit from these efforts, they view these partnerships as essential to **strengthening local government's capacity to engage the community and increase impact.** These efforts also lay the groundwork for future collaborations in managing public funds to maximize community outcomes. As Hernandez, notes, "This was about building the muscle within the government to say, what is real community engagement? What does it look like? How would you make it equitable?" This example highlights how community foundations can work in support of local and municipal government without necessarily being a direct recipient of government funding to help influence more positive outcomes for local initiatives. This may be an approach that more community foundations choose to take to maintain their independence and to avoid being directly part of federal funding streams.

Leveraging Cross-Sector Collaboration

The San Francisco Foundation (SFF) has pursued a range of partnerships to advance its mission with a specific focus on housing. Over the past decade, SFF realized that to drive population-wide impact, they needed to focus on large-scale systemic change through advocacy and lobbying, rather than grantmaking alone. Recognizing that SFF is in an affluent region of the country, this example is illustrative not of the volume of funding it was able to raise, but for its unique approach to building cross-sector partnerships that can be more effective in addressing a systemic issue like housing in the San Francisco Bay Area. **By shifting their attention to policies and systems,** the foundation has become a key partner in cross-sector collaborations to achieve regional and statewide change.

As Judith Bell, the foundation's Chief Impact Officer, explains, "These are the questions we ask ourselves: What value can we bring? How should we contribute? How can we accelerate efforts to change policies and systems that will make a material difference in people's lives? To reach that scale of change, we've got to be in partnership, and we need to think about both the external and internal ways that we are working. So, how do we collaborate effectively as an institution? And then how do we collaborate and partner effectively across sectors and across stakeholders not just in our region, but also across our state?"

SFF is increasingly recognized for its ability to move resources across California, having raised over $110 million for housing initiatives and engaging in deep partnership across sectors. One key collaboration was the Committee to House the Bay Area (CASA), a multi-month, multi-stakeholder effort, convened by the Metropolitan Transportation Commission (MTC) and co-chaired by MTC, SFF, a for-profit developer, and a housing advocacy organization to tackle the housing crisis. The effort created a 10-part compact of solutions to produce and preserve more affordable housing and protect tenants. SFF helped bring the diverse stakeholders from CASA to move this agenda and funded lobbyists for the coalition which advanced a package of new legislation. Most notably, the effort created a new civic infrastructure—the Bay Area Housing Finance Authority—to coordinate and finance regional housing efforts.

To support such initiatives**, SFF restructured internally to align staff around a strategic vision** and formed a new "Policy and Innovation" division. The foundation also created a pooled lobbying fund to deploy resources for advocacy campaigns. These changes have strengthened SFF's leadership and expertise in both local and state-level policy efforts. **Strong board support and alignment, together with CEO Fred Blackwell's clear vision around community building,** has also been key to its success.

Bell made clear that for partnerships with government and policymakers to be effective, **the foundation must be seen as more than just a grantmaker**. Being viewed solely as a "community bank" limits a foundation's potential to play a broader role. She explains, "It's really important to be seen as being a vital part of the civic infrastructure, as bringing valuable leadership to solve pressing problems, as having credibility and the support of the community. All of that makes a difference in navigating difficult issues and bringing solutions to the table." Building successful relationships takes time, intentional effort, and the ability to align resources with community needs.

Philanthropic Partnerships

Some of the community foundations we spoke with partner with private philanthropy and national funders in a variety of ways to advance shared community impact goals. One of the key considerations raised is how institutional philanthropy might serve not only as coalition partners but also as investors in community foundations' capacity and long-term financial sustainability. Some national funders may see community foundations as a distribution channel to advance their national strategy, but they are rarely considered as primary grantees for unrestricted funding. This section seeks to uncover ways that national funders are supporting community foundations beyond the role of a "vendor" or "distribution channel," but rather as a strategic partner to advance local and national goals. We hope that the philanthropic sector might begin to shift their perception of what these exceptional community foundations can deliver and recognize their unique assets as key inputs in helping them advance their philanthropic goals.

Philanthropic Investments

One case exemplifying the ways private philanthropy can invest in community foundations to achieve shared goals is the Greater Cincinnati Foundation (GCF). GCF is one of three community foundations in which the Robert Wood Johnson Foundation (RWJF) plans to make a significant program-related investment. According to Randazzo, they are still working to finalize the terms of the partnership, but the plan is for RWJF to invest $5 million to be directed to GCF's impact investing fund.

The investment would be structured as a patient capital loan with a 10-year return, and the interest rate will be between 2 to 3 percent. The more GCF focuses on bold, innovative projects, particularly addressing social determinants of health, the closer the rate will be to 0 percent. Additionally, RWJF will provide a $200,000 grant to help GCF manage and deploy the funds. This approach could serve as a model for attracting more national and local philanthropic capital to address challenges like housing affordability in Cincinnati.

Randazzo shares, "They're increasing our impact capacity by 25 percent, and they've said to us, 'You can draw it all down immediately, or you can take 10 years.' We can leverage that with other local philanthropy and we're hoping to turn that $5 million into $10 million or $15 million. We think we have a case to go to the city and the county and say, 'Can you match this national funder?'"

This unique **investment-structured philanthropic partnership** is a standout example of new ways that national foundations are using creative approaches to invest in the capacity of community foundations to deliver on mission-aligned goals.

Place-Based Philanthropic Partnerships

The Santa Fe Community Foundation (SFCF) recently announced it will receive $2.35 million annually over five years from the Anchorum Health Foundation, a New Mexico health conversion foundation. This funding is part of Anchorum's larger $25 million investment to address critical health and societal issues in northern New Mexico. Anchorum is also helping the five foundations involved to build capacity by sponsoring a fellow at each foundation. This partnership is notable for both its financial contribution and its focus on creating a learning community around place-based grantmaking and keeping foundations responsive to local needs.

Christopher Goett, CEO of SFCF, notes the unique financial and operational benefits of this partnership: "Anchorum leadership recognizes the importance of operational support for community foundations with a percentage of the fund going to SFCF's bottom line. Additionally, they are providing SFCF with part-time staff support to help offset the programmatic and administrative lift for this work. This partnership is based on our shared values and helps to further SFCF's grantmaking reach in key areas. There's a lot of win-win-win here, but it really boils down to having strong rapport, clear communication, and understanding where we end, and they begin."

This partnership serves as a model and could be a template for other markets, regardless of size. Its framework offers a replicable approach to advancing community leadership and unlocking unrestricted funding for community foundations. Goett emphasizes how this partnership allows foundations to **designate funds to critical areas, gain capacity, and charge a fee,** making it an effective model for resourcing critical community impact goals.

National Funders Look Locally

Over a decade ago, the Knight Foundation led by former president Alberto Ibargüen recognized the important role that community foundations play in identifying the unique needs of local news and information. With the support of the Knight Foundation, Silicon Valley Community Foundation (SVCF) set out to explore the shifting landscape of journalism in select US localities. According to Mauricio Palma, Director of Community Partnerships at SVCF, the funding from the Knight Foundation helped to establish local journalism as a funding priority of SVCF and provided them with the resources to explore the unique way that journalism was being expressed locally: "We recognized that SVCF needs to be investing in local journalism, not just because it is relevant to our democracy, but because journalism and storytelling is a tool to bridge the social, cultural, and economic divides in our community, which is completely aligned with who we are as a community foundation."

The Knight Foundation's multi-year support helped SVCF create a dedicated fund for journalism so donors and fund holders can direct resources toward local organizations supporting journalism. In 2024, SVCF was designated a local chapter for Press Forward, a coalition of 22 funders who have committed to investing more than $500 million over five years to support local journalism and information ecosystems. According to Palma, the Press Forward partnership allowed SVCF to build on the work they have already been doing and use this national funding movement to incentivize donors to give more to local journalism. "Press Forward is a grand fundraising strategy designed to help build capacity at the local level," explains Palma. **National funders like Knight Foundation and MacArthur Foundation recognized the importance of partnering with community foundations** to identify and support the news and information organizations in the local ecosystem. While this example is limited to local journalism, it presents a significant opportunity for community foundations to leverage their local knowledge and capacity into partnerships with national funders.

The Chicago Community Trust (the Trust)—led by Andrea Sáenz—has played a leading role as the home of the Press Forward Chicago initiative, managing much of the fundraising and operational work for the local effort. Sáenz and MacArthur Foundation CEO John Palfrey co-chair the steering committee, with the Trust team deeply involved in programmatic work and ensuring the necessary infrastructure is in place for collaborative decision-making. They also engage directly with community organizations, identifying where to invest resources and building relationships to ensure grants have a meaningful impact on local journalism. To operate the project, the Trust applies an administrative retention of 5 to 10 percent of the total contributions to the Press Forward fund to maintain the systems and personnel required to manage such collaborative efforts.

Another notable and encouraging example is the Trust for Civic Life, which launched in 2024 and was born out of the American Academy of Arts & Sciences' 2020 *Our Common Purpose* report.[20] The Trust for Civic Life is a funder collaborative that channels national philanthropic dollars into rural communities, supporting the "people, places, and civic programs" where local leaders and residents work together to experiment and address local challenges.[21] Founding funders include Omidyar Network, Rockefeller Brothers Fund, and Stand Together. According to the Trust for Civic Life's website, the initiative prioritizes investments in rural regions in the US often overlooked by national philanthropy—including the Black Belt, Central Appalachia, tribal lands, and the southwestern border—and entrusts community members to lead the grantee nomination process, ensuring resources are directed where they are needed most. Grantees include community foundations, such as the Black Belt Community Foundation in Alabama, which was selected as a "civic hub" by the Trust for their community outreach programming, which they will scale up with the $425,000 grant. This example is noteworthy for the way in which the Trust for Civic Life views community foundations as central to advancing civic life across rural America and will hopefully inspire other national funders to follow suit.

Building Operational Capacity

When there are strong and trusted partnerships between community foundations and private foundations, opportunities can arise for **unrestricted support for core operations.** As mentioned at the opening of this report, community building requires significant operational investment to hire specialized staff and build the required infrastructure to advance community leadership efforts. When private foundations invest in community foundations, it allows them the flexibility to scale up their reach and impact. In some cases, it might also allow private foundations to **outsource some of their local grantmaking to community foundations who have the expertise to distribute funds more efficiently in the geographies where they are deeply embedded**. In this section, we highlight some examples of national funders that view community foundations as strategic partners in helping advance their philanthropic goals.

The Hewlett Foundation recognized the importance of making large investments to drive meaningful change on one of the Bay Area's most intractable issues: affordable housing. Their research on philanthropies with focus, capacity, and expertise on housing led the Hewlett Foundation to invest significant resources in the San Francisco Foundation (SFF). This support allowed SFF to add 10 staff members across the organization to build a new Policy and Innovation team, augment its strategic learning and evaluation function, and add core infrastructure positions in information technology, human resources, and finance. The **flexible funding was essential to deepening their civic infrastructure work, which has historically been challenging to get funded when donors prioritize project-based initiatives.** CFO Sonja Valez notes how transformational this investment has been for SFF, but the challenge is how to sustain that level of support if, and when, the funding ends.

Arrow Impact, a family foundation, was also attracted to SFF for its work on affordable housing. According to Executive Director, Charlie Wolfson, "We are certainly not experts in addressing housing issues in the Bay Area, and seeing the way that SFF approached it, what it had learned in the space, and what it was planning to do in the future, we were convinced it was doing work as effectively as any other organization out there." For Wolfson, it did not make financial sense to build the internal capacity of his small team to do the complex work of convening, advocacy, and coalition building when SFF was already doing the work so well. Arrow Impact contributed general operating support to provide a reliable source of funding to scale up SFF's work and impact. Wolfson would like to see more **family foundations add community foundations to their funding portfolios where appropriate:** "Let's trust the experts closer to the ground who know where the dollars could be most effective and give them the power to do that on our behalf."

However, Wolfson points to a possible information gap as some private foundations may not be aware of the role or impact of community foundations: "Community foundations must do a better job of storytelling to explain what they have accomplished, why their role is important, and lay out a vision for the future." According to Wolfson, community foundations might consider how to **communicate their value to foundations so they can begin to understand possible pathways of engagement**. Arrow Impact believes in funding "intermediary organizations," which play a distinctive role in connecting organizations, funders, and relevant networks within the philanthropic ecosystem. Wolfson emphasizes that if donors recognized community foundations as part of this intermediary class of organizations, they might discover an opportunity to magnify their own impact by partnering and possibly "outsourcing" some fraction of their grantmaking.

Chantel Rush Tebbe, Managing Director of the American Cities Program at the Kresge Foundation, describes community foundations as "quarterbacks" who can play a unique role of documenting community challenges and priorities, convening, helping to set a civic agenda, and then pulling together the funders and cross-sector actors required to make things happen on the ground. Rush Tebbe's portfolio at Kresge spans multiple US cities where she interacts with a range of civic actors and institutions to build their capacity to advance economic mobility and social change. Community foundations are an integral part of the Kresge Foundation's national strategy and an important local stakeholder in achieving their goals.

Kresge's American Cities team provides general operating, program, and project support to community foundations in each of the foundation's geographies of focus. "Some national funders understand that places are where outcomes happen and care about investing in specific types of communities," emphasizes Rush Tebbe. For these national funders, community foundations can serve as a local stakeholder, **helping funders achieve their mission by acting as an informant, strategic advisor, intermediary, or a civic change agent.**

According to Rush Tebbe, **general operating support is provided when there is alignment**. "There is a whole spectrum of engagement, and figuring out how we interact with each organization depends on how aligned our goals are with their work, as well as the clarity of vision of the organization." Rush Tebbe points out that the board and senior leadership must be bought into this vision, and the community foundation should have knowledgeable program officers who have the disciplinary expertise and cross-sector experience to be effective at carrying out that vision.

Rush Tebbe mentions that community foundations can also serve as **useful partners for funders interested in shifting outcomes within specific fields on a national scale.** By investing in local pilots organized by community foundations, funders support proofs of concepts that can inform policy or be replicated at scale, and strengthen their own understanding of how to bring about change in a focus area. For example, from 2011 to 2020, the Kresge Foundation's Environment Program team provided support to the San Diego Foundation's Climate Initiative, which supports organizations that are addressing the inequitable impacts of climate change. While Kresge's investment benefited San Diego, it also fostered a nationally relevant, replicable model, and informed the foundation's own understanding of climate action planning with an emphasis on low-income communities and communities of color. Rush Tebbe suggests that a national funder may incentivize a set of community foundations that are all working on a similar issue area to form a community of practice to fund their local efforts, exchange ideas and knowledge with each other, and document and publish their own perspectives on lessons learned, all of which foundations can fund.

In the coming years, Rush Tebbe stresses that community foundations may want to **broaden the aperture of their civic priorities:** "There is a question about how a community foundation can tool itself up to be a convener and an actor in the multiple disciplines and issues that are facing a community. And it's very hard to be able to be a civic change agent in multiple arenas at once. That itself is a big development opportunity." She also encourages community foundations to **engage more authentically at the grassroots level**, pointing to examples of community foundations designing participatory planning processes and community exchanges to more deeply understand local priorities.

The Mott Foundation is an example of a private foundation that believes and invests in building the ecosystem of community foundations not just in Flint, Michigan where the foundation is based, but across the US and globally. Isaiah Oliver, formally the head of the Community Foundation of Greater Flint (CFGF), notes their deep partnership with the Mott Foundation, which was fueled in part by Mott's "understanding that the large billion-dollar private foundations or single philanthropist can't be the sole fix for our community's problems." Mott has invested in building an **infrastructure around community philanthropy** and, according to Oliver, they "lean into it deeply." He also notes that CFGF was intentional about coordinating grantmaking within the Flint philanthropic ecosystem to maximize impact and support to the nonprofit community. For example, Mott established a $40 million endowment at the CFGF for park maintenance to ensure that those funds live in perpetuity to support vital community infrastructure. Oliver notes, "Private foundations can both build their internal capacity to do amazing work, and also be thoughtful about where that power and influence needs to live long term in order for those things to really be fruitful for the community they care about."

Key Takeaways

This part of the report uplifts many examples of successful partnerships, underscoring their important role in delivering greater impact locally, and in many cases providing operational support to the community foundation. Our research reveals opportunities for partnership building between national and community philanthropy, each bringing unique strengths to a shared problem. When there is alignment around issues and values, national funders may view community foundations as important sources of local knowledge and expertise to strengthen and advance their strategic goals. Community foundations can leverage their non-financial capital to serve as a trusted resource for institutional philanthropy which often lacks the proximity and relationships to successfully execute on their vision.

While government partnerships may require additional internal capacity, the rewards can be significant in the size and scale of funding available. Community foundations serve as important intermediaries in facilitating the disbursement of public funds and bringing together cross-sector partners to advance a shared agenda, which allows them to demonstrate the full range of their non-financial assets. One area that is underrepresented in our study is corporate partnerships, which were rarely cited in our interviews, revealing an area for additional exploration. While our sample size may have been too small to capture the full range of corporate partnerships, our conversations did not point to many successful examples of corporate and community philanthropy.

Several key recommendations emerged for community foundations interested in engaging in new partnership-building practices:

- **Don't Be Intimidated by Government Funding:** As evidenced in the examples above, accessing federal funding does require building capacity to be competitive for grants and to meet compliance requirements, but it unlocks more possibilities and opportunities for scale. If community foundations want to think long term about leveraging government funding, they should take steps to build the expertise and capacity to be competitive. Government funds often come with a higher fee structure, or overhead rates, which allow community foundations more operational flexibility than fees on donor funds provide. Community foundations may also consider how to engage with government more indirectly through partnerships that help shape the contours of government policy and funding for local communities.

- **Align Around Shared Priorities:** Philanthropic partnerships can build the capacity of community foundations to deepen their community leadership work, while helping national funders advance their own civic priorities. Community foundations may consider ways that they can build their capacity to be strategic partners to national funders and help align around shared values and goals. Private foundations may consider how community foundations are in a position to more effectively deliver on local grantmaking goals. Funder collaboratives may be an effective vehicle to open doors to new opportunities for private foundations to partner with community foundations. When there is alignment, general operating support can be integral in building the capacity of community foundations to more effectively serve local needs and uplift their role in community changemaking.

- **Build Equal Partnerships:** Cross-sector partnerships working to advance policy outcomes require the internal expertise and capacity to navigate complex relationships. Community foundations should be mindful to position themselves as key stakeholders in these initiatives, leveraging their influence and reputation as an equal partner—not just a philanthropic bank—to bring aligned community solutions to the table. This can result in unlocking many benefits for communities that may otherwise be overlooked for federal and state funding opportunities.

RECOMMENDATIONS FOR EVOLVING THE BUSINESS MODEL FOR THE COMMUNITY FOUNDATION OF THE FUTURE

RECOMMENDATIONS FOR EVOLVING THE BUSINESS MODEL FOR THE COMMUNITY FOUNDATION OF THE FUTURE

Many of our interviewees commented on the timeliness of this report, predicting that community foundations will play more significant roles in the coming years as hubs for local decision-making, civic engagement, and community life. It is clear from our research and analysis that community foundations have an important role to play as local “anchor institutions” helping to serve as a backbone for civic life. Their unique attributes of independence and trust allow community foundations to take on an even more significant civic-building role in the coming years. Community foundations can tackle complex problems by creating programming that is insulated from political interference and can outlast administrations. This study made clear that some community foundations are leaning into more expansive civic roles, but they do not have a business model to support this growth. While there is no “one-size-fits-all" solution to the business model question, this report reveals some areas ripe for experimentation.

Successful business model innovation often requires continual change, experimentation, adaptation, and an appetite for risk. This process might also involve challenging some of the preexisting notions and norms of the current business model to make room for new possibilities. Community foundations might consider looking inward at how they operate, resource their work, measure success, and engage their constituencies. As new generations of givers come into wealth, community foundations must think critically about how they communicate and connect with younger demographics to avoid the risk of becoming “taxi cabs in an Uber world,” as one community foundation leader articulated. They should think innovatively about how to serve as knowledge centers for educating current and future generations of volunteers and givers around place-based philanthropy.

At the same time, business and government have an opportunity to recognize the invaluable role of community foundations in the social change ecosystem. Their expertise in forging cross-sector partnerships, marshaling resources, convening diverse stakeholders, and aligning them toward a shared goal can be leveraged for high impact. Similarly, private and national funders might consider community foundations as effective partners in advancing their strategic goals, investing in their capacity to deliver local change.

Every community foundation is on its own journey and at different stages in its business model experimentation. The examples highlighted throughout this paper are not representative of the entire field, but a subset which are innovating their operations and strategies. We consider this set of community foundations as bellwethers for the larger field that can inspire a new generation of community foundations to think differently about their role as more than just a “community bank” managing financial assets.[22]

We also hope this research helps to uplift and underscore the important role that community foundations play in the social change ecosystem and why their evolving business model matters for the broader social sector. Observers of philanthropy and civil society should take heed of these dynamic institutions that are demonstrating their true potential as social changemakers, and support their effectiveness. Business model innovation will require internal change management on behalf of community foundations, and external investment and partnership from key stakeholders in government, philanthropy, and business.

In reflecting on key insights from this research project, we identified a set of themes and recommendations, in addition to areas for future exploration.

I. Realign for Impact

Community foundations of the future **align themselves differently, both operationally and strategically, to maximize impact**. They are no longer separated by silos and disconnected structurally and strategically. Rather, they seek internal alignment whenever possible to ensure that all units are working in a coordinated way to optimize community impact outcomes. For example, when donor services, investments, and community impact teams are coordinated, they may identify new services or products that enhance both revenue and community goals. Revenue generation should not be viewed as working in conflict with community impact, but rather as furthering the same set of complementary goals. Many of our interviewees mentioned the incredible benefits that internal alignment has provided as a core building block of a successful business model. This may require community foundations to undergo reevaluation of key staffing roles and reorganization processes.

At the same time, this strategic realignment will require rethinking impact measurement to embrace more nuanced and flexible definitions of success that recognize that social change is not linear. Moreover, all of this internal work requires support from key stakeholders, such as the board and senior leadership, to ensure that governance decisions are aligned with the community foundation's mission and impact goals.

Some internal alignment considerations are as follows:

- **The board** should be aligned with community impact as a guiding principle and North Star for the community foundation. They should keep the organization accountable to this goal and understand the value that it delivers and why it matters. In addition, they must be comfortable with measuring success in new ways and embracing the uncertainty that can come with community leadership work, such as policy and advocacy, which can have long time horizons. This will be essential in ensuring that governance decisions are made in alignment with the foundation's community leadership strategy.

- **Staff** should be encouraged to work cross-functionally, allowing them exposure to different areas of the organization to break down silos and open new avenues for exploration. Community foundations might need to hire new staff with multi-sector backgrounds to work in more responsive ways to advance community impact priorities.

- **Bringing fund holders and donors** in closer alignment to community building work is a strategic way to leverage their invested assets for local impact. Some community foundations have authentically cultivated a trusted set of donors who are invested in their community building work, but there remains untapped potential to engage and align everyday donors and fund holders. This involves changing the relationship with fund holders and donors and considering creative ways, such as new products or fundraising strategies, to bring them into closer alignment with community impact work.

II. Partner for Success

Whenever possible, private philanthropy should be working in concert to leverage resources, avoid redundancies, and co-create shared solutions. One area for additional inquiry is to examine how **private philanthropy can partner with community foundations to more effectively advance local impact.** Some examples from our interviews demonstrated how private foundations and national funders are providing general operating support to community foundations to invest in their civic infrastructure work. Some national funders are also recognizing community foundations as important resources of local knowledge to help inform and test their national strategy. Philanthropic support might replace or reinforce a funder's local grantmaking strategy, but more importantly, it can build the capacity of community foundations to be more effective local changemakers. Partnerships with private foundations can provide flexible funding to hire staff and build the internal infrastructure so community foundations can more effectively advance policy changes and invest in local infrastructure. Making community foundations a key part of their local grantmaking strategy can maximize the impact of institutional funders and serve as a source of valuable local knowledge.

Community foundations in search of new revenue sources may look to **non-traditional sources, such as government grants, to offer new sources of funding**. Federal funding comes with a different set of requirements and conditions, but is an opportunity to leverage new sources of funding that can help support operational capacity while advancing community impact goals. Building the operational capacity to apply for and receive government funding can be an expensive "start-up" cost, but can often be recovered when those grants include generous administrative rates to provide operational relief. Government funding might best be pursued as a long-term strategy due to the required upfront investment. Community foundations may position themselves as strategic intermediaries, or fiscal agents, as they are poised to effectively distribute these funds to local nonprofits who often lack the capacity to apply for and report on government grants. Community foundations may also be wary of the constraints posed by government funding, and may identify ways of influencing government policy through non-financial partnerships. Additionally, community foundations might consider ways that they could collectively apply for government funding as a way of reducing the overhead costs of applying for and reporting on government grants.

We want to recognize the growing uncertainty and complexity around federal funding during this political and policy moment. The draft of this report was finalized the week that the government froze federal grants and loans, a lifeline for countless US nonprofit organizations. If government funding becomes more inaccessible in the months ahead, it may be harder for community foundations and their local partners to see this as a possible resource for their community leadership work. We hope these examples from previous historical moments may prove illustrative of the opportunities when they may become available again.

One area for additional inquiry is corporate partnerships, which were not cited as often by our interviewees and is ripe for exploration.

III. Engage a Broader Group of Stakeholders

Community foundations must do more to connect with and engage a broader group of stakeholders in their work. One of the biggest challenges for community foundations in the years to come is fostering successive generations of givers who have different norms and practices around philanthropy, but there is also an opportunity to build a "bigger tent" and diversify the range of supporters to include everyday givers, donors of color, and women, among others. This will require a new set of strategies and tactics for communicating more effectively with changing demographics in the foreseeable future.

Some engagement strategies are as follows:

- **Language choice** should be carefully considered when communicating the work of a community foundation and its significance. Word choices adopted by the sector can often be overly sophisticated or consist of alienating jargon. Finding simple, clear ways to talk about the work of the community foundation and its impact can help the public understand the role and importance of the community foundation. During a time of deep political and social division, word choice is essential in finding points of common interest and convergence to build a bigger tent around shared community problems. Launching broader public campaigns or working with a public relations firm to fine-tune language and word choice might be a strategic way to approach this challenge.

- Community foundations may also consider **taking more ownership** of their role in community leadership. Some interviews revealed that community foundations often operate behind the scenes as "system orchestrators," but do not take public credit for their role and contributions. Taking ownership of their work and accomplishments is essential in making the case of why it is important and helping to shape public perceptions of community foundations.

- Community foundations may position themselves as a **resource hub** for the everyday giver and/or volunteer, helping to cultivate practical ways for the public to engage in acts of generosity. This "matchmaking" role could provide additional resources to nonprofit organizations during a period when giving and volunteerism is on the decline.[23] Well-intentioned givers of time and money often do not know where or how to give back to their local communities, and could benefit from a central hub for organized giving and volunteering opportunities. This is a role that community foundations are well poised to play, and could amplify their value proposition within the local community.

- Creating a **pipeline of younger donors** is essential to the health and longevity of the community foundation sector. Community foundations should think creatively and dynamically about building trust and engagement with the next generation of donors who have different approaches to giving. Some foundations are creating advisory committees of young professionals to provide their perspectives on community philanthropy and cultivate them as future board members. Other community foundations are strategically engaging athletes and artists as fund holders showcased through creative campaigns to inspire younger generations to follow suit.

Similar behavior could be modeled when tech billionaires open DAFs to stimulate interest among the entrepreneurial community. Lastly, younger donors are often drawn to alternative ways of investing their resources, and impact investing may be an appealing avenue for engagement.

IV. Leverage all Your Assets for Impact

Several community foundations are thinking innovatively about how to creatively leverage their invested assets to support their community impact goals, and in some cases accelerate the pace of change. **Mission-aligned investing surfaced as an exciting area for exploration as it leverages the full range of a community foundation's assets to maximize local impact.** Our interviewees cited some interesting examples of how they have deployed concessionary capital loans to Black-owned businesses that were at risk of closing their doors, helping to keep vital community-serving businesses afloat. Others have created place-based impact pools to provide investment opportunities in publicly traded companies, helping to bolster the local economy. Many commented that impact investing goes beyond grantmaking to provide much-needed capital to communities that may not have access to traditional lending. While the financial rates of return may be lower than the market in some cases, the social returns are significant, helping accelerate social and economic impact. While impact investing requires specialized knowledge from a dedicated investment officer, it may be worth building the capacity internally or working with skilled investment managers who can help open pathways to new investment opportunities. Some community foundations mentioned that their donors and fund holders were interested in earmarking a portion of their DAF or investing directly into these impact pools as a way of magnifying the impact of their philanthropy. We see this form of investing as an area that will continue to evolve and is something for community foundations to explore to bring their investment approaches into alignment with their community impact goals.

V. Know Your Value and Charge for it

Community foundations must start **operating with a business sensibility** to capture the true value of their products and services. This is challenging as community foundations often do not have the incentive structures to charge for their services because they operate as nonprofits and often lack the culture and practices that drive profit-maximizing behavior. They may also be reluctant to do so because their management fees are higher than those of commercial providers, and there is a fear that customers will leave when the costs become prohibitive. However, the value proposition of the community foundation is different from a commercial provider, which seems apparent to the many customers who did not leave when price structures increased.

Becoming more intentional about tracking time spent on donor services, reassessing DAF fees periodically, and **putting the systems and practices in place** to do this effectively will provide the data to justify pricing changes. All of the community foundations we interviewed that completed activity-based costing studies were surprised by the results that influenced them to make data-driven changes to fee and price structures. Community foundations should give special consideration to donor services that are not aligned with community building goals, and in some cases may choose to part ways with donors and fund holders if they are not advancing shared outcomes. Adapting new behaviors and practices will build more discipline in the organization and may present additional opportunities to capture increased revenue. To build more transparency in the sector, community foundations might consider tracking adjustments to fee structures and sharing supporting data and anecdotes to help other community foundations learn from peer experiences.

VI. Capture Cost Savings

Community foundations can explore different ways to maximize **operational efficiencies**, which may also provide cost savings. For example, investing in automated grantmaking technologies has allowed community foundations to eliminate some back-office roles or reallocate staff into community impact roles. As generative artificial intelligence tools become more sophisticated, there are opportunities for community foundations to streamline work processes with these time-saving technologies and free up staff to focus on more mission-critical work. Many nonprofits are already actively incorporating these new technological tools into their operations, but there are understandable uncertainties associated with new and untested technology.[24] Taking time to learn and experiment with these tools may be helpful to assess how they may deliver value to the organization.

Outsourcing roles such as the outsourced chief investment officer (OCIO) model can bring outside investment expertise through a third-party consultant without having to spend the time and resources to build an internal team. Some community foundations are exploring the OCIO model as they seek to deepen the sophistication of their impact investing portfolio, but aren't ready for the upfront investment required for a full-time staff member. Shared services are another avenue to explore for community foundations looking to share the costs of common services through economies of scale. These services may include information technology, employee benefits, legal support, research, and insurance, among others. This remains an untested area of experimentation, but one that merits additional examination.

VII. Continue to Experiment

Lastly, community foundations should find ways for continual experimentation within their organization to help spark new ideas. Business models are not static; successful organizations continually look for new ways to adapt and innovate. Some community foundations have dedicated innovation funds for this purpose, and others encourage the spirit of experimentation to incubate new opportunities. An open mindset and a willingness to embrace risk-taking are important cultural values to uphold from senior leadership and the board. One community foundation is leveraging its competitive advantage in specialized service delivery to outsource its offerings to other community foundations as a revenue-generating opportunity. Some are considering renting out their beautiful office space for weddings or corporate retreats. Others are experimenting with new programming that will expand their footprint on a national level.

Conclusion

This project has uncovered many new learnings and exciting developments in the field of community philanthropy, but in some ways, we have just scratched the surface. Further research and examination are needed to survey community foundations in more diverse settings and learn from community-serving organizations that are operating and resourcing their work in different ways to serve their localities. We hope to glean new ideas and approaches from their experiences to add greater depth and nuance to this evolving body of work on business model experimentation. And, in the long term, we would love to launch pilots to stress test these recommendations and document key learnings and outcomes to help shift the field in new directions. We look forward to this next phase of work taking flight.

ENDNOTES

[1] "Community Foundations." Council on Foundations, https://cof.org/foundation-type/community-foundations.

[2] "2022 CF Insights Survey Results: Data Lists Assets." Council on Foundations, https://cof.org/cfinsights/results/2022/data-lists-assets.

[3] "2022 CF Insights Survey Results." Council on Foundations, https://cof.org/cfinsights/results#:~:text=Key%20Findings&text=The%20survey's%20results%20reflect%20the,served%2C%20located%20across%20the%20country.&text=In%202022%2C%20participating%20community%20foundations,$15%20billion%20dollars%20in%20grants.&text=The%20median%20community%20foundation%20increased,by%20nine%20percent%20in%202022.

[4] "2022 CF Insights Survey Results: Operations." Council on Foundations, https://cof.org/cfinsights/results/2022/operations.

[5] Interview quotes included in this report are presented verbatim but may have been lightly edited or shortened for readability in certain cases.

[6] Bernholz, Lucy, et al. "On the Brink of New Promise: The Future of U.S. Community Foundations." Blueprint Research & Design, Inc. and Monitor Institute 2005, https://www2.deloitte.com/content/dam/Deloitte/us/Documents/monitor-institute/us-monitor-institute-on-the-brink-of-new-promise.pdf.

[7] Bernholz, et al. 38.

[8] Ostrower, Francie. "Community Foundation Approaches to Effectiveness: Characteristics, Challenges, and Opportunities," Nonprofit Research Fund Working Paper Series, 2006, https://www.aspeninstitute.org/wp-content/uploads/files/content/docs/pubs/FINAL%20Ostrower.pdf

[9] Ostrower, et al. 27-28.

[10] Graves, Rebecca, et al. "Align, Adapt, Aspire: Ten Years of Community Foundation Business Model Evolution." CF Insights and FSG (2013), https://www.fsg.org/wpcontent/uploads/2021/08/Align_Adapt_Aspire.pdf.

[11] Graves, et al. 16.

[12] For more information on the Framework for Community Leadership, see: https://cfleads.org/what-we-do/the-framework-for-community-leadership/

[13] National Philanthropic Trust. "The 2023 DAF Report." 2023, https://www.nptrust.org/reports/daf-report/. The report reviewed data on DAFs from fiscal year 2022 and revealed that grants from DAFs at community foundations in 2022 totaled around $11.92 billion, which is a 27.1% increase from the previous year. The compound annual growth rate of grantmaking from DAFs at community foundations between 2018 and 2022 is 16.5% ($6.46 billion in 2018). Additionally, although there was a dip in contributions to DAFs at community foundations between 2021 and 2022, the compound annual growth rate between 2018 and 2022 is 12.3% ($7.58 billion to $12.03 billion, with an all-time high in 2021 at $14.78 billion). Moreover, the number of DAFs at community foundations has increased from 82,111 to 99,416 between 2018 and 2022.

[14] Bernholz, Lucy, et al. "On the Brink of New Promise: The Future of U.S. Community Foundations." Blueprint Research & Design, Inc. and Monitor Institute 2005, https://www2.deloitte.com/content/dam/Deloitte/us/Documents/monitor-institute/us-monitor-institute-on-the-brink-of-new-promise.pdf, pp. 12-13.

[15] Soskis, Benjamin. "The Past, Present, and Future of Workplace Giving in the United States." Urban Institute, 2019, https://www.urban.org/research/publication/past-present-and-future-workplace-giving-united-states.

[16] Examples of high-transaction services include more frequent grant facilitation, grant evaluation, and special grant handling.

[17] Examples of social impact investment approaches, includes: PRIs, MRIs, Real Estate, Diverse Investment Manager Owned firms and a variety of Social Impact pools offered to the foundation's donors and organizational fund partners.

[18] For more information on the Cleveland Foundation's first PRI, see: https://www.clevelandfoundation.org/grants/impact-investing/.

[19] For more information on the San Diego Foundation's EPA Community Change Grant award, see: https://www.epa.gov/inflation-reduction-act/community-change-grants-selections

[20] Ramirez, Martha. "In a Hyper-Polarized Time, This New Funding Collaborative Wants to Bring People Together." Inside Philanthropy, 2024, https://www.insidephilanthropy.com/home/2024-7-23-in-a-hyper-polarized-time-this-new-funding-collaborative-wants-to-bring-people-together.

[21] For more information on the Trust for Civic Life, see: https://trustforciviclife.org/.

[22] Daniels, Alex. "New Leaders See Community Foundations as More Than a Philanthropic Bank." The Chronicle of Philanthropy, 2024, https://www.philanthropy.com/article/new-leaders-see-community-foundations-as-more-than-a-philanthropic-bank.

[23] The Generosity Commission. "Everyday Actions, Extraordinary Potential: The Power of Giving and Volunteering." The Giving Institute, 2024, https://www.thegenerositycommission.org/wp-content/uploads/2024/09/DIGITAL_TGC_FullReport_090324_NEW.pdf.

[24] Farley, Shannon. "5 Ways Nonprofits Can Harness AI For Fundraising." Forbes, 2024, https://www.forbes.com/sites/fastforward/2024/09/04/5-ways-nonprofits-can-harness-ai-for-fundraising/.

APPENDIX A

CORE GROUP OF COMMUNITY FOUNDATION LEADERS

OCTOBER 2023

Judith Bell
Chief Impact Officer
San Francisco Foundation

Fred Blackwell
Chief Executive Officer
San Francisco Foundation

Larry Buycks
Chief Financial Officer
Seattle Foundation

Liz Carey
Chief Financial Officer
Silicon Valley Community Foundation

Trisha Finnegan
President and Chief Executive Officer
Oklahoma City Community Foundation

Christopher Goett
President and Chief Executive Officer
Santa Fe Community Foundation

James Howell
Chief Financial Officer
San Diego Foundation

Lillian Kuri
President and Chief Executive Officer
Cleveland Foundation

Richard Ober
President and Chief Executive Officer
New Hampshire Charitable Foundation

Rosanne Potter
Chief Growth Officer and Chief Financial Officer Cleveland Foundation

Leslie Sabin
Former Chief Financial Officer
Santa Fe Community Foundation

Andrea Sáenz
President and Chief Executive Officer
The Chicago Community Trust

Lisa Schroeder
President and Chief Executive Officer
The Pittsburgh Foundation

Jessica Strausbaugh
Chief Financial Officer
The Chicago Community Trust

Mark Stuart
President and Chief Executive Officer
San Diego Foundation

Bryan Tait
Chief Financial and Operations Officer
The Pittsburgh Foundation

Nicole Taylor
President and Chief Executive Officer
Silicon Valley Community Foundation

Sonja Velez
Chief Financial Officer
San Francisco Foundation

Alesha Washington
President and Chief Executive Officer
Seattle Foundation

Michael Wilson
Chief Investment and Financial Officer
New Hampshire Charitable Foundation

APPENDIX B

LIST OF INTERVIEWEES

Rehana Abbas
Chief Philanthropy Officer
San Francisco Foundation

Len Bartel
Former Vice President of Learning and Impact
CFLeads

Judith Bell
Chief Impact Officer
San Francisco Foundation

Cathy Bessant
Chief Executive Officer
Foundation for the Carolinas

Larry Buycks
Chief Financial Officer
Seattle Foundation

Liz Carey
Chief Financial Officer
Silicon Valley Community Foundation

Betsy Constantine
President and Chief Executive Officer
Community Foundation for Greater Buffalo

Meghan Cummings
Senior Vice President of Strategy, Impact, and Operations
CFLeads

Vanessa Denney
Vice President of Philanthropic and Donor Services
Omaha Community Foundation

Trisha Finnegan
President and Chief Executive Officer
Oklahoma City Community Foundation

Frank Fernandez
President and Chief Executive Officer
Greater Atlanta Community Foundation

Kate Guedj
Senior Vice President and Chief Philanthropy Officer
The Boston Foundation

Tatiana Hernandez
Chief Executive Officer
Community Foundation Boulder County

Christopher Goett
President and Chief Executive Officer
Santa Fe Community Foundation

Brett Hunkins
Former Chief Financial Officer
Community Foundation of Greater Flint

Jamie Hunter
Chief Financial Officer and Vice President for Operations
Ann Arbor Community Foundation

Lillian Kuri
President and Chief Executive Officer
Cleveland Foundation

Kristen Mekemson
Vice President of Development and Philanthropic Services
Greater Milwaukee Foundation

Ellen Musialowski
Chief Financial Officer
Community Foundation for Greater Buffalo

Richard Ober
President and Chief Executive Officer
New Hampshire Charitable Foundation

Isaiah Oliver
President
The Community Foundation for Northeast Florida

Mauricio Palma
Director of Community Partnerships
Silicon Valley Community Foundation

Ben Perry
Senior Director of Philanthropic Investments
Denver Foundation

Matthew Randazzo
President and Chief Executive Officer
Greater Cincinnati Foundation

Andrea Sáenz
President and Chief Executive Officer
Chicago Community Trust

Dr. Shanaysha Sauls
President and Chief Executive Officer
Baltimore Community Foundation

Mark Stewart
President and Chief Executive Officer
San Diego Foundation

Bryan Tait
Chief Financial and Operations Officer
Pittsburgh Foundation

Chantel Rush Tebbe
Managing Director of American Cities
Kresge Foundation

Michael Wilson
Chief Investment and Financial Officer and
Senior Vice President
New Hampshire Charitable Foundation

Charlie Wolfson
Executive Director
Arrow Impact

Emily Wyckoff
Vice President of Giving Strategies
Community Foundation for Greater Buffalo

Sonja Velez
Chief Financial Officer
San Francisco Foundation

Scott Zastoupil
Chief Financial Officer
Saint Paul & Minnesota Foundation

GLOSSARY

Activity-Based Costing (ABC): a costing method in which overhead and indirect costs are assigned to specific activities designated as cost drivers, resulting in multiple overhead rates for more accurate expense tracking

American Rescue Plan Act (ARPA): $1.9 trillion economic stimulus bill passed in March 2021 to fuel the United States' recovery from the COVID-19 pandemic and recession

Assets Under Management (AUM): the total market value of the assets managed by an entity on behalf of its clients

Business Model: describes the rationale of how an organization creates, delivers, and captures value

Concessionary Capital: below-market rate loans provided to nonprofit organizations and projects with the primary intention of producing significant social impact and secondary intention of generating positive financial returns; an example includes loans to an affordable housing project

Community Development Financial Institution (CDFI): a financial institution that intends to expand economic opportunities in underserved communities by providing greater access to affordable financial products and services, which include business and home loans

Community Foundation: a tax-exempt charitable organization that provides support—primarily for the needs of the geographic community or region where it is based—from funds that it maintains and administers on behalf of multiple donors

Donor-Advised Fund (DAF): a tax-deductible (irrevocable) contribution (in the form of cash, securities, or other assets) to a grant-providing foundation/entity (also known as a sponsoring organization) in which donors are able to recommend grants from the fund to public charities, organizations, or projects; assets in a DAF may be invested, and any growth is tax-free for the donor

Equity Investment: the process in which investors put money into private or public companies by buying the company's shares and becoming partial owners of the company according to the proportion of shares they own; company shares can be purchased when the company trades them as stocks on the stock exchange, and by purchasing traded stocks, an investor becomes a shareholder with entitlement to a portion of the assets and profits of the company

Everyday Giver: any individual who provides contributions of time or treasure to charitable causes or organizations

Fund Holder: one that holds funds in a community foundation, in the form of a donor-advised fund or personal endowment

Health Conversion Foundation: a foundation created when a nonprofit healthcare organization (e.g.., hospital, health system, health plan) converts to for-profit status or is acquired by a for-profit firm; federal law requires assets resulting from nonprofit sales or other financial transactions to be used for a charitable purpose similar to those of the original nonprofit entity

Mission-Related Investment (MRI): an investment that seeks to generate a measurable beneficial social or environmental impact alongside a market-rate financial return; these investments are generally made in for-profit social enterprises as part of a mission-aligned investment portfolio or strategy

Program-Related Investment (PRI): an investment in which the primary purpose is to significantly further a charitable purpose; the recipient of a PRI may be a nonprofit or for-profit social enterprise; unlike a mission-related investment, PRIs are not expected to produce market-rate returns

Impact Investing: the act of purposefully making investments that help achieve certain social and environmental benefits while generating financial returns; utilized by community foundations to invest in a project with the expectation of return (rather than providing a traditional grant); returns can be "recycled," in that they can be re-invested in some other project

Variance Power: the power of a community foundation's governing body to alter the gift instructions contained in a fund agreement if it determines that a donor's restriction is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served

LIST OF ABBREVIATIONS

AACF: Ann Arbor Area Community Foundation

ARPA: American Rescue Plan Act

AI: Artificial Intelligence

AUM: Assets Under Management

BCF: Baltimore Community Foundation

CLF: Civic Leadership Fund

CFBC: Community Foundation Boulder County

CFGA: Community Foundation for Greater Atlanta

CFGB: Community Foundation for Greater Buffalo

CFGF: Community Foundation of Greater Flint

CFNEFL: The Community Foundation for Northeast Florida

DAF: Donor-Advised Fund

ESG: Environmental, Social, and Governance

FFTC: Foundation for the Carolinas

GCF: Greater Cincinnati Foundation

GMF: Greater Milwaukee Foundation

MOU: Memorandum of Understanding

MSA: Master Service Agreement

NHCF: New Hampshire Charitable Foundation

OCCF: Oklahoma City Community Foundation

OCF: Omaha Community Foundation

PF: Pittsburgh Foundation

PSI: (Aspen Institute Program on) Philanthropy and Social Innovation

RWJF: Robert Wood Johnson Foundation

SDF: San Diego Foundation

SFF: San Francisco Foundation

SFCF: Santa Fe Community Foundation

SVCF: Silicon Valley Community Foundation

TBF: The Boston Foundation

The Trust: Chicago Community Trust

PHILANTHROPY & SOCIAL INNOVATION

aspen institute