THE GROWING IMPORTANCE OF COMMUNITY FOUNDATIONS

Eleanor W. Sacks
Frederick Harris Goff is known today for developing the community foundation concept and founding the Cleveland Foundation, the first community foundation in the U.S. It was only one accomplishment in his remarkable life.

Fred Goff was born on a farm in Blackberry, Illinois in December 1858. His family moved to Cleveland when he was 5 or 6 years old. On the journey he and his brother took charge of the family’s horse. Young Fred’s arrival in Cleveland was unheralded – in a boxcar with the horse.

As a boy and young man Goff took whatever jobs he could find. He worked his way through the University of Michigan shelving books and sweeping floors in the library. After graduating he worked as Cleveland’s law librarian and read law, beginning his practice in 1883. In 1896, he joined the firm that handled litigation for John D. Rockefeller and Standard Oil. He was an expert on corporate structuring, and also advised wealthy Clevelanders on estate planning.

In early 1908, he worked with Cleveland’s Mayor, Tom Johnson, to resolve the city’s street railway crisis, by establishing a non-profit holding company to acquire private streetcar interests. It was a difficult process, conducted entirely in public meetings, and brought Goff to the attention of Clevelanders for the first time.

Goff was named the President of the Cleveland Trust Company in June 1908. The new policies and procedures he established reformed banking practices locally and nationally. He used his election as President of the Trust Company Section of the American Bankers Association in October 1913 to promote his community foundation concept as an opportunity for trust banks to serve their communities. Inspired by his vision of service, bankers started community foundations nationwide.

Fred Goff died in March 1923 at the age of 64.
Today there are at least 763 community foundations in the United States actively making grants – more than a dozen have assets over a billion dollars and at least two have assets over $4 billion. Of the largest 100 grantmaking foundations, 16 are community foundations. In many areas of the United States community foundations are the largest local funders. Even where they are not, their local focus means they are frequently the foundations with the largest local impact.

The size and impact of community foundations will continue to grow due to the fact they are the only grantmaking foundations that raise funds continually – from individuals, families, corporations and even other foundations. U.S. community foundations have seen a surge in growth because they have learned how to attract and utilize living donors, rather than rely primarily on deferred forms of giving, such as legacies and charitable remainder trusts.

The number of community foundations has more than doubled in the United States in the last 20 years. Even with this remarkable rate of growth, today there are more community foundations outside of the United States than inside, and the numbers worldwide continue to expand.

From Cleveland, community foundations spread quickly across the United States and soon crossed into Canada. Community foundations began to expand across the Atlantic in the 1970s and 1980s, taking root first in the United Kingdom. There was real doubt at the time whether this North American invention could be adapted to vastly different charitable traditions and giving cultures. The fact that the community foundation concept could be translated successfully to the U.K. gave local and international funders the confidence that this form of community philanthropy could be successful outside its original context. Since that time community foundations have been established in other parts of Western Europe, especially in Germany, Italy, Spain, Ireland and Belgium.

After the fall of communism community foundations were identified by international funders and funders as a way to assist the integration of the former eastern bloc into western political and economic systems. They would help rebuild a culture of philanthropy and citizenship in Russia and Central and Eastern Europe. As international support for the political and economic transition began winding down, community foundations were part of the funders’ long-term exit strategy.

Community foundations also were seen as a way to support emerging democracies in sub-Saharan Africa. In countries where local and national governments were withdrawing support for social safety nets, community foundations were identified as a means to maintain the local non-profit infrastructure. Community foundation growth has been widespread in Mexico and is having success in other parts of Latin America. Community foundations also have been formed in the Middle East and Turkey, in the Caribbean, India, Southeast Asia and Australia.

The fact that community foundations have been established successfully in countries with histories and traditions of giving that are widely divergent points to the flexibility of the concept and the power they give citizens to affect the future and vitality of their communities.

Given their long history and widespread acceptance it is remarkable that community foundations are not better known or understood. They are the least studied form of philanthropy, a field as a whole in need of scholarly attention. As a result, both within the United States and around the globe, the reasons for their founding, where they fit in the overall landscape of philanthropy, their structures and their purposes are not apparent to the majority of people, even those who have a special interest in philanthropy – international funders, individual and corporate donors, and academic researchers. It is hoped that this dearth of research will soon change. In celebration of the Cleveland Foundation’s 100th anniversary, the Charles Stewart Mott Foundation recently endowed a chair in Community Foundation Studies, the first of its kind, at the Indiana University Lilly Family School of Philanthropy.

WHAT ARE COMMUNITY FOUNDATIONS?

Community foundations are the most identifiable form of structured community philanthropy. They bridge and combine community philanthropy with foundation philanthropy. Community foundations share seven basic characteristics.

They:

• are foundations that raise money in their communities and build a permanent resource to create vital communities by encouraging and supporting the local non-profit infrastructure;

• have a board of local citizens who are responsible for maintaining the organization, and for identifying and funding communities priorities;

• cover a defined geographic region and serve the needs of all the citizens in their region, regardless of race, religion or ethnic origin;
• are non-partisan and non-political, even though they may take political stands when the good of the community is at stake;
• operate in an open and accessible manner that is designed to build trust, which they do by reporting back to the community on a regular basis.

WHAT DO COMMUNITY FOUNDATIONS DO?

Beyond their resource development and grantmaking functions community foundations also have a number of broader roles in their communities.

• Teach and promote philanthropy. One of the chief roles of community foundations is to teach individuals and the community at large about the values of philanthropy and taking personal responsibility for improving their local areas. This role crosses cultural and state boundaries. Community foundations helped revive a culture of giving in Russia, where before the fall of communism the state was expected to provide all the needs of its citizens. It was precisely because community foundations make grants based on “democratic principles, community cooperation, and traditions of legal and above board management of charitable money” that they could bring about real change in Russia’s giving environment.5

Worlds apart, in Silicon Valley, many young millionaires and billionaires in the technology industry have money to give but don’t know how to give – they need to find the causes they care about and establish priorities for their giving. For many years the Silicon Valley Community Foundation (SVCF) has served as a mentor to these young entrepreneurs. The eye-catching gifts totaling $1.5 billion that SVCF received in the last two years from Facebook founder Mark Zuckerberg and his wife, Dr. Priscilla Chan, are only the latest donations from a large group of high tech entrepreneurs that are using the community foundation to learn about and test out their philanthropy. These two extremes illustrate the many ways that community foundations can be effective in promoting philanthropy. All community foundations do this, but how they do it may not be as obvious or dramatic.

• Act as intermediary organizations: Community foundations do not in most cases provide services directly to individuals or operate programs in the community. They are organizations that collect funds and make grants to non-profit organizations in order to support the local charitable infrastructure and address changing community needs. However, there are a number of exceptions to this general rule. The first is the awarding of scholarship funds to non-profit leaders, local and state government officials, the business community, and representatives of other foundations and funders – to develop a coordinated program that will have greater impact than any one actor could do on its own.

One example of community leadership is the Vital Signs program developed by Community Foundations of Canada. Vital Signs is an annual community survey that collects data on “significant social and economic trends and assigns grades in areas critical to quality of life. … Vital Signs reports promote awareness of community issues and are used by communities for social planning, by citizens and philanthropists to identify community needs and strengths, and by community foundations to inform their grantmaking and leadership activities.”6

This highly successful program has been adopted by community foundations outside of Canada, including the United States and the United Kingdom.

Community foundations in the United States began with community leadership. Before it had any money to grant, the Cleveland Foundation conducted several groundbreaking surveys in order to raise the profile of the foundation in the community and help set its grantmaking agenda. Two of the surveys, the School Survey and the survey of the Administration of Criminal Justice, broke new ground in the science of surveying and became national models for how to do community surveys for decades afterward.

• Promote community development: It is difficult to know what Cleveland would be like today if it did not have the Cleveland Foundation and its focus on community development. The city was hit hard by structural changes in the U.S. economy, and lost much of its manufacturing and industrial base. This caused its population to decline as local citizens left the city to find work. Cleveland was the fifth largest city in the United States in 1920. Today its population is half of what it was then. One of the elements of the Foundation’s redevelopment strategy was the restoration of Cleveland’s Playhouse Square in the city’s central theater district. An article in the New York Times recently noted that this cultural attraction is anchoring the comeback of the downtown area and has had a multiplier effect. New shops, restaurants and apartment buildings are
community development in resource poor areas, especially in the Global South. Community foundations have the ability to marshal external resources to address community needs in ways that are managed and controlled by local leaders who, sensitive to the needs of their communities, set the development agenda.7 The Dalia Association, a community foundation for Palestinians,8 was started as a means to encourage local people to take control of their community development and break a culture of dependency on external funders and external agendas. Palestinians “are the largest per capita recipients of international aid, but they have no control and very little influence over how those resources are used on their behalf.” Dalia’s mission is to advocate for “Palestinian rights to self-determination in development.” Community foundations can be a driving force for community development. However, to be successful external funders must be willing to step back and let local leaders take charge in order to create effective and sustainable development.

• Increase the accountability and operating standards of non-profits: As grantmakers, community foundations have a responsibility to see that their funds are well spent. Community foundations have been active in setting and raising the operating standards of the non-profits they fund. This was especially the case in Russia and Central and Eastern Europe after the fall of communism, where nonprofit organizations were being created anew and needed to learn the basics, such as how to write grant proposals and how to operate in open and accountable ways.

The early history of U.S. community foundations shows the same pattern. The Permanent Charity Fund (Boston) – now The Boston Foundation9 – had to teach local non-profits how to account for their grant and endowment funds and operate in transparent ways, before they would make grants to them.

• Focus resources in times of disaster: Community foundations have been highly effective in times of disaster in helping to rebuild their communities. After the Lomo Prieta earthquake devastated parts of San Francisco in October 1989, the San Francisco Foundation realized that it was not just individuals who were injured. Local non-profits were also damaged – their offices shuttered – and they were unable to provide the vital services the area so desperately needed. The San Francisco Foundation10 used its expertise to devise a recovery plan that focused on getting non-profit organizations up and running as quickly as possible.

On the same day that the World Trade Center and the Pentagon were attacked the New York Community Trust created a partnership with the United Way of New York City to establish The September 11th Fund. It made its first grants eleven days later. By the time it closed at the end of 2004 it had distributed over $525 million to individuals, to other non-profits and to businesses to help them rebuild.11

In the U.K. community foundations were prominent in organizing resources after flooding in the Lake District in 2005 and 2009. In early 2014 the massive flooding in Devon and Cornwall led the eleven community foundations in the affected areas and the national support organization, U.K. Community Foundations, to establish a coordinated appeal for funds for local relief.12

• Social justice: Most community foundations are general purpose, that is, they support the broad range of charitable interests and efforts in their communities – from the environment, education and the arts to social and economic needs. Where situations warrant, and the board and staff decide to take on the role, community foundations will focus more purposefully on issues of social justice. The most prominent community foundation to adopt this approach is the Community Foundation for Northern Ireland (CFNI).13 It is a leader in social justice grantmaking and in efforts to bring peace to divided societies around the globe. CFNI was started in 1979 as the Northern Ireland Voluntary Trust, with an initial grant of £500,000 from the U.K. government and the mission of bridging the sectarian divide in Northern Ireland through its grantmaking. Even during the worst of the sectarian violence it kept the lines of communication open between the two sides of the conflict. It has made a successful transition from being the recipient of development funds from governments, foundations and aid agencies to being an active and successful fund raiser in Northern Ireland and abroad. It changed its name in 2002 to recognize its expanded role.

No matter where they are located community foundations are a reflection of the communities in which they operate and their times. They are human institutions and as such are an expression of the values of their founders, their boards and their donors. Ideally, the problems that community foundations identify and address through their grantmaking and programs reflect the most pressing needs in their local areas. However, the ability to address these issues may be limited by the resources available to the community foundation and the vision and dairing of its board and staff.

Community needs change over time, and the solutions and methods community foundations use to address these needs change as well. What is appropriate at one stage of development may no longer be appropriate at another as community foundations grow and evolve to meet changing situations and needs.
Community foundation structures also have changed over time. The 100-year history of community foundations in the United States provides a good example of organizations adapting to changing circumstances.

HISTORICAL ORIGINS OF COMMUNITY FOUNDATIONS IN THE UNITED STATES AND HOW THEY GREW

Community foundations in the United States came into existence in the early twentieth century at the same time as the newly emerging private foundations, created from the vast industrial wealth of individuals like Andrew Carnegie, John D. Rockefeller, and Olivia Sage (Mrs. Russell Sage). Community foundations arose in order to solve the same vexing problems which the private foundations were designed to address, namely:

• what to do with excess wealth, and
• how to solve a community’s social and economic problems in a scientific manner by addressing root causes rather than providing charity, which often was seen as ineffective.15

Andrew Carnegie in his famous essay on “Wealth”16 stated his belief, based in Social Darwinism, that it was a law of nature that men of superior talents and abilities would and should be rewarded with riches. The question for him was not whether men deserved to be rich. It was: what were the responsibilities of men of wealth to their families, their fellow citizens and their communities?

Carnegie believed that wealth should be redistributed. “The proper use” of a rich man’s fortune was for “public ends” to “work good to the community from which it chiefly came….”17 He felt leaving large sums to one’s heirs would be destructive for them and for the country; he did not want to see the creation of a hereditary aristocracy, which, he believed, would be inimical to democracy.

Leaving charitable bequests in perpetuity was also problematic. “In many cases the bequests … become … monuments to … folly.”18 Carnegie’s solution was to use the administrative talents of the rich to manage excess wealth for the benefit of mankind, believing that those who had risen to the top could make better long-term decisions on the use of wealth than ordinary people could for themselves. His often-cited belief that “he who dies rich dies disgraced”19 led him to use his money to create innovative programs like the Carnegie libraries in the United States and the United Kingdom, which provided those who were willing to help themselves with the tools they needed.20

Frederick Harris Goff, the originator of the community foundation concept, was a Cleveland lawyer and banket, a man who worked his way up from modest...
beginnings. He thought deeply about the same issues as Carnegie. He grappled with them daily in his work as a lawyer creating and managing the estates of wealthy Clevelanders. Although he concurred with much of Carnegie’s thinking about the problems of excess wealth, he developed another solution. Instead of relying on the managerial elite to administer charitable funds, Goff devised a plan to marry the professional fiduciary services of trust banks, and their expertise in managing charitable trust funds, with an appointed board of citizens knowledgeable about community needs, who would take responsibility for making grants. As President of the Cleveland Trust Company he established the first community foundation through a Resolution and Declaration of Trust of his bank’s board of directors.21

Fred Goff did not think small. He wrote to John D. Rockefeller that his goal for the Cleveland Foundation was “to do for the inhabitants of Cleveland what you have done in a large way through the Rockefeller Foundation for malkind at large.”22

Community foundations in the United States are often said to be a response of “the banks” to difficulties they were having in managing their charitable assets. Research in the archives of the pioneering community foundations shows this not to be the case. The community foundation concept spread first through the trust bank network because Goff, one of the leading trust bankers in the United States, promoted it as a way for trust banks to be of service to their communities. In every early community foundation, the bank’s board of directors established a Charitable Corporation that gave community foundations the freedom and ability to manage funds and appoint their own boards of directors. Goff’s original plan for the Cleveland Foundation used a single trust bank to manage the charitable funds, and an appointed non-partisan board of citizens, knowledgeable about community needs, to represent the public. The majority of the board – three out of five in the case of Cleveland – were appointed by public authorities and the remainder by the bank. The National Council on Foundations merged in 1997 with the Legacy Fund, another local community foundation, to become the Central Indiana Community Foundation: www.cicf.org.

Goff was a social reformer concerned about issues of social justice, who worked in quiet and effective ways to improve the lives of all his fellow residents of Cleveland, no matter their background or station in life. Even when he served as a lawyer for John D. Rockefeller and the business interests of Standard Oil, he had a reputation for absolute integrity. Goff had admirers across the political spectrum. Shortly after his unexpected death in March 1923, Peter Witt, one of Cleveland’s most outstanding labor leaders, gave a radio address praising him and mourning his loss. The community foundation structure Goff devised was the first of the two major forms of community foundations in the United States – the community trust. The other form, most common today, is corporate form, an independent charitable corporation that gives community foundations the freedom and ability to control their investments and appoint their own boards of directors.

Goff’s original plan for the Cleveland Foundation used a single trust bank to manage the charitable funds, and an appointed non-partisan board of citizens, knowledgeable about community needs, to represent the public. The majority of the board—the three out of five in the case of Cleveland—were appointed by public authorities and the remainder by the bank. The Indianapolis Foundation (1916)23 pioneered the multiple trust bank form for community foundations. Three banks joined to accept funds for a single entity—the community foundation. After the New York Community Trust (1920) was established in multiple-trust bank form with 11 banks, the multiple trust bank form became the dominant organizational structure for community foundations. After Goff’s death in 1923, the Cleveland Foundation also switched over to multiple trust bank form.

Community foundations in trust form had several advantages. They could be established quickly. All that was needed was a Resolution and Declaration of Trust by a bank’s board of directors. In single trust bank form, a charitably-minded bank executive could drive the process of formation and put the resources of his bank behind the new foundation. The primary advantage of multiple trust bank form was that more potential donors would be made aware of community foundations through the banks’ trust officers, acting as financial advisors to the wealthy, and the community foundation would be seen as a community asset rather than controlled by and for one bank.

Goff’s message of community service resonated with many of his fellow bankers. Goff began promoting the community foundation concept to the trust bank network soon after he became President of the Trust Company Section of the American Bankers Association in October 1913. It was largely through his accomplishments of the 21st Century, eds. Tony Mason and David C. Perry (Newark, NJ: ISJE, 2013, p. 47.) There is no evidence to support this. The records of the pioneering U.S. community foundations show that their funds came from charitably-minded individuals who wanted to give back to their communities. As a judge of law, he was at times even at opposite legal positions and could not be represented by the banks into community foundations, thus no record without the approval of the relevant law courts.

12 Whether or not the Cleveland Foundation was the first community foundation to receive donations from wealthy individuals to their hometowns is not clear. Some have called community foundations the gifts of Stephen Girard in Philadelphia, Pennsylvania, and Phineas Banning to Foundations, Rhode Island. Even though they make grants in the community, they have only one donor and are quite small. They do not serve funds from a broad spectrum of donors or change over time, their funds were in common with private foundations. Similarities in form also have been noted to other historic charitable institutions in countries around the world, but for the most part these were for the benefit of a specific community defined by religion, rather than for a geographic area.

13 E.H. Goff in 1918, January 3, 1914, folders 277, box 26, Cleveland 1913-1956, William Innes. – General series, Board Group 2, Office of Messrs Rockefeller, Rockefeller Family Archive, Rockefeller Archive Center.

14 “Then movements about the origins of U.S. community foundations first appeared in an article, “Community Foundation Take Off,” written in 1958 by Sidney S. Whelan, Jr., Vice President of Great Eastern at the New York Community Trust. The purpose of the article was to make community foundations in financial advisors. (Trusts and Estates, Vol. 126, No. 8 (August 1987), p. 14.) Whelan briefly noted that the Cleveland Trust Company established the Cleveland Foundation because it was having difficulty managing existing charitable trust funds, with an appointed bank’s board of directors. In single trust bank form, a charitably-minded bank executive could drive the process of formation and put the resources of his bank behind the new foundation.
THE LARGEST U.S. CITIES WITH COMMUNITY FOUNDATIONS BY 1920

Just 6 years after the formation of the Cleveland Foundation, only two of the 21 largest U.S. cities, those with populations of 300,000 or higher, did not have community foundations: San Francisco, California, and Kansas City, Missouri. However, not all community foundations established in this era survived or continued as independent and fully functioning community foundations. By 1931 the community foundations in Pittsburgh and Cincinnati were said to have ceased operations. The current Pittsburgh Foundation was formed in 1945; the Greater Cincinnati Community Foundation in 1963. Other cities on this list also had to re-establish their community foundations: Detroit, Baltimore, Washington, D.C., Newark, New Orleans, and Seattle. The San Francisco Foundation was not formed until 1948; the Greater Kansas City Community Foundation in 1978.

1914
- CLEVELAND, OH, POP. 796,841
- ST. LOUIS, MO, POP. 772,897
- BOSTON, MA, POP. 748,060
- LOS ANGELES, CA, POP. 576,673
- MINNEAPOLIS, MN, POP. 380,582
- SEATTLE, WA, POP. 315,312

1915
- CLEVELAND, OH, POP. 796,841
- ST. LOUIS, MO, POP. 772,897
- BOSTON, MA, POP. 748,060
- LOS ANGELES, CA, POP. 576,673
- MINNEAPOLIS, MN, POP. 380,582
- SEATTLE, WA, POP. 315,312

1916
- CHICAGO, IL, POP. 2,701,705
- DETROIT, MI, POP. 993,078
- MILWAUKEE, WI, POP. 457,147
- INDIANAPOLIS, IN, POP. 314,194

1918
- PHILADELPHIA, PA, POP. 1,823,779
- WASHINGTON, DC, POP. 437,571
- NEWARK, NJ, POP. 414,524
- BALTIMORE, MD, POP. 733,826
- NEW YORK, NY, POP. 5,620,048

1919
- PITTSBURGH, PA, POP. 588,343
- NEW ORLEANS, LA, POP. 387,219
- NEW ORLEANS, LA, POP. 387,219
- NEWARK, NJ, POP. 414,524
- BALTIMORE, MD, POP. 733,826
- NEW YORK, NY, POP. 5,620,048

1920
- PHILADELPHIA, PA, POP. 1,823,779
- WASHINGTON, DC, POP. 437,571
- NEWARK, NJ, POP. 414,524
- BALTIMORE, MD, POP. 733,826
- NEW YORK, NY, POP. 5,620,048
- CINCINNATI, OH, POP. 401,247
promotional efforts that community foundations were established in 19 of the 21 largest U.S. cities and all across the nation by 1920.25

In 1920 the Trust Company Section established its Committee on Community Trusts to promote the community foundation concept and provide a forum for lessons learned from existing community foundations. The Committee was organized and chaired by Frank J. Parsons, the New York banker who was the driving force behind the establishment of the New York Community Trust. The Committee functioned as the first support organization for community foundations. It held community foundation conferences, published a Community Trust Bulletin, and in 1931 published a survey of community foundations and manual for community foundation operations.26 At the conferences attendees learned from each other how to be a community foundation. Boston taught them how to do grantmaking, Chicago how to do fundraising, and Cleveland the larger picture of why community foundations mattered.

The onset of the Great Depression effectively broke the connection between community foundations and trust banks. Ten years after his death, trust bankers were still remembering Goff’s call to service which exemplified the highest duty for trust bankers, and how the lack of bankers with their qualities had brought about this new financial disaster. For U.S. banks, facing an existential crisis, community foundations no longer seemed a high priority. The Committee on Community Trusts shut down. Community foundations struggled to survive the Great Depression. Those that were well established and had money to grant did what they could to deal with the effects of the severe economic downturn. Other community foundations, with diminished support and few resources, did not survive. Some became charitable trusts within their sponsoring banks.

After World War II, community foundations in the United States entered the second stage of their development. In 1949 they established their own national, member-based support organization to continue promoting the community foundation concept, provide technical assistance to emerging community foundations, lobby the federal government for tax advantages, and share lessons learned. Eventually this organization opened up its membership to all foundations, a program that lasts until 1996. The evolution of community foundations in the United States shows the picture of why community foundations mattered.

If donors know what charities they want to fund, a gift fund like Fidelity, which funds were first seen as competition for community foundations. Community foundations had to learn how to market and compete for charitable dollars. It became clear that the commercial gift funds did not have expertise on local non-profits and could not advise their clients effectively about charitable giving. If donors know what charities they want to fund, a gift fund like Fidelity, which excels at processing payments, is a good choice. If donors are looking for local expertise and a connection to their communities, community foundations are the better option.

The push towards donor-advised funds was accelerated by the formation of the Fidelity Charitable Gift Fund in 1991, a non-profit arm of the for-profit Fidelity Investments. Since that time numerous gift funds have been established by for-profit entities to accept donor-advised funds. The commercial donor-advised funds were first seen as competition for community foundations. Community foundations had to learn how to market and compete for charitable dollars. It soon became clear that the commercial gift funds did not have expertise on local non-profits and could not advise their clients effectively about charitable giving. If donors know what charities they want to fund, a gift fund like Fidelity, which excels at processing payments, is a good choice. If donors are looking for local expertise and a connection to their communities, community foundations are the better option.
Questions have risen recently about the relevance of community foundations in an increasingly globalized world: What is the place of community foundations, with their local focus, in an age when the economy is global and concepts of community cross borders? Most community foundations have a defined area of benefit in which they make grants from their own funds, although grants from donor-advised funds usually are not bound by these restrictions. The history of the New York Community Trust (NYCT) provides a point of comparison. New York is one of the most cosmopolitan cities in the world. Recognizing that its donors had interests beyond the city, the NYCT never put any geographic restrictions on its grantmaking. One of the first funds it received (1925) was to benefit the Hebrew University in Jerusalem. The 1931 manual published by the Committee on Community Trusts (almost certainly written by Ralph Hayes, the executive director of the NYCT) recommended that community foundations either place no geographic restrictions on their grantmaking or make their geographic restrictions very broad. He was certain that the assets of community foundations would grow to the point where they would have more money than they could spend locally. The Silicon Valley Community Foundation, situated in the heart of the new economy, has a donor base that is drawn from around the world; the philanthropic interests of its donors are global. It is natural and appropriate that the community foundation and its donors define their community as being worldwide. It is just as appropriate that local communities, such as Cleveland, which are experiencing the downsides of global economic restructuring, focus on the needs in their areas, which have the highest priority for the people who live there.

Community foundations around the globe have structural elements in common and operate in open and accountable ways. They have a number of roles and strategies they can draw on to address community needs. There is, however, no “right” way to be a community foundation. Community foundations will develop an agenda that best suits the communities they serve. The most important attribute that all community foundations share is their commitment to involving local people in decisions about how to change their communities for the better.

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