

## **Definition of “Community Foundation”**

**Adopted by Community Foundations Leadership Team (3/4/08)**

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interest of and for the benefit of residents of a defined geographic area, typically no larger than a state.

A community foundation:

1. Is officially recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and pass the public support test as a public charity under sections 509(a)(1) and 170(b)(1)(A)(6).
2. Has or is developing a history of broad support in the form of contributions from the community it serves.
3. Has an independent, nonsectarian, governing body broadly representative of the public interest and that is not appointed by a single outside entity.
4. Has an annual independent audit that is open to inspection by members of the public.
5. Has the power to modify any restriction or condition on the distribution of assets, if circumstances warrant (variance power).
6. Operates primarily as a grantmaking institution and may also provide direct charitable services.
7. Focuses its primary grantmaking and charitable services within a defined local geographic area that constitutes, in some meaningful sense, a “community”.
8. Maintains a broad grants program to multiple grantees that is neither limited by field of interest nor limited to serving only parts of the population.
9. Is structured primarily as a collection of named funds that carry out the diverse charitable purposes specified by the governing body and donors, and has a long-term goal to increase the assets held as unrestricted endowment.