

## History of Community Foundations

Community foundations such as ours exist to make it easy for people to be philanthropists and to build an endowment to meet changing community needs over time.

They were started in 1914 by a Cleveland banker who felt that the practices of the day were needlessly eroding charitable funds. It was expensive to administer charitable trusts in banks, which knew more about investing money than giving it away.

And it was expensive to go to court when charitable funds had outlasted their purposes and needed to be changed to stay useful.

The banker proposed an organization, governed by civic leaders, that would handle permanent funds for charitable individuals and distribute grants to good causes in their names, forever. The community foundation would benefit from economies of scale, offering professional management to affluent and modest donors alike. Banks would continue to manage the investment of principal and the civic leaders would see to it that donors' wishes were carried out.

Today, more than 700 community foundations serve thousands of donors in all 50 states. Some continue to use the original trust model and others are organized as charitable corporations, using professional investment advisors to manage their assets. In addition to managing funds established through wills, community foundations today also offer services to donors during their lifetimes.