



Community Foundation Research and Training Institute

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Knowledge Nugget #1 – Community Foundation Organization and Structure

Answers to Quiz Questions

1. How is a community foundation created?
 - a. Through the passage of enabling legislation by the state legislature in the state where the community foundation will conduct its business
 - b. A group of community leaders voluntarily come together, create the legal structure and apply to the IRS for tax exempt status
 - c. The mayor or city council of the area served create a community foundation by local ordinance
 - d. Someone wears a pair of ruby slippers and clicks them together three times three times, repeating the phrase “There’s No Place Like a Community Foundation”

The correct answer is b. *A group of community leaders voluntarily come together, create the legal structure and apply to the IRS for tax exempt status.* Some community foundations have been created using method “d”, but only in the state of Kansas.

2. The phrase “Community Foundation” is legally protected, so using those words in the legal name of your organization requires the approval of the Council on Foundations. True or false?

False. The words “community foundation” is not legally protected, and any organization – whether nonprofit or for-profit – could use those words in their organizational name.

3. Where and when was the first community foundation created?
 - a. New York in 1931
 - b. Cleveland in 1914
 - c. Los Angeles in 1947
 - d. Philadelphia in 1968

The correct answer is *b. Cleveland in 1914*

4. For a community foundation in corporate form, how are community foundation board members selected?
 - a. Appointed by local judge
 - b. Selected by existing board members
 - c. Appointed by local elected officials
 - d. All of the above

The correct answer is *d. All of the above*. While the vast majority of community foundations are “self-perpetuating”, meaning that new board members are selected by existing board members, in many areas the by-laws of a community foundation call for appointment by other entities, such as local judges or elected officials.

5. Most state laws prohibit more than one community foundation from serving a particular geographic area. True or false?

False. While it is likely more efficient for only one community foundation from serving a particular geographic area, there are many examples of communities served by more than one community foundation.

6. Which of the following is not part of the definition of a community foundation?
 - a. Goal of building permanent component funds
 - b. Publicly supported by many unrelated donors
 - c. Must allow a donor to create a fund for any legal charitable purpose

d. Serves in a leadership role on community issues

The correct answer is *c. Must allow a donor to create a fund for any legal charitable purpose*. While more community foundations will allow a donor to create a fund for any legal charitable purpose, they are not required to do so by the standards. There are some community foundations, for example, who do not administer scholarship funds, and some who only allow gifts into an unrestricted endowment fund.

7. In order to be called a community foundation, an organization must be in compliance with national standards True or False?

False. Any organization can call themselves a community foundation. Those in compliance, however, can state that in their marketing materials, and also use the “national standards compliant” logo.

8. Approximately how many community foundations are there in the United States?

- a. 50 – one for each state
- b. 3,007 – one for each county in the United States
- c. 251 – the number of community foundations who responded to the Columbus Survey (now administered by CF Insights)
- d. Around 866 – but no one really knows for sure

The correct answer is *d. Around 866*. It is true, however, that no one really knows for sure. While 251 community foundations responded to the 2018 Columbus Survey, that survey relies on self-reporting by a community foundation. It is true, however, that the community foundations responding to the Columbus Survey represent the vast majority of community foundation assets.