

Changing the Way We Do Business—Community Foundations and the Competition for Charitable Assets

Felicitas von Peter, Fellow, International Fellows Program ~ 2002

Abstract

This research is set against the backdrop of changing socioeconomic developments in the last decade, especially the technology boom in the 1990s. Economic growth has fueled an expansion of philanthropic giving. However, increased giving has generated two particular challenges for community foundations: new donors require a more intense level of donor involvement; and from the new national donor advised funds (NDAFs) offered by financial institutions. Although community foundations have offered donor-advised funds since the late 1970s, it was the entrance of commercial institutions like Fidelity Investment into the field in 1992 that have helped make donor-advised funds one of the most popular giving vehicles for charity. The success of NDAFs has taken community foundations by surprise and provided some with a rather harsh wake-up call. In her research, Ms. von Peter investigates how community foundations are facing the challenges presented by NDAFs, and how they differ in their approach to donors, the types of services they provide, and their role within the community. She argues that the new entrants from the for-profit sector can ultimately result in strengthening the nonprofit sector by forcing community foundations to reposition themselves and focus on developing their role as intermediaries between donors and the community. The research also shows how some financial institutions like Merrill Lynch have come to a “working agreement” with community foundations. This leads the author to suggest that donor-advised funds could link the for-profit and the non-profit sectors, ultimately resulting in increased philanthropic funds for the community.

To request the full version of the paper, please click [here](#)

