



COUNCIL ON FOUNDATIONS

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Why National Standards are Important for Community Foundations

U.S. community foundations serve tens of thousands of donors, administer more than \$31 billion in charitable funds, and address core concerns of more than 650 communities and regions. There are many reasons that standards are important for both established and new community foundations. Below are just a few.

1. Standards Guide Sound Policies and Accountable Practices

- Community foundations of all sizes use standards as a roadmap to establish legal, ethical, and effective practices that are ready for the increasing scrutiny of donors, government and the press.
- The very largest community foundations – now rivaling the largest private foundations in size – use standards to publicly communicate their commitment to accountability, excellence, and service.
- The smallest and youngest community foundations – more than 400 have formed in the past two decades – use standards to certify their achievement of comprehensive basic services that mark a true “community foundation.”

2. Standards Distinguish the Field from Others

- Community foundations use standards both locally and nationally to distinguish themselves from others in a more competitive marketplace in which many entities offer traditional community foundation services, such as donor-advised funds.
- Community foundations use standards to establish the highest levels of ethical and operational integrity, helping separate themselves from the potential wrongdoing or mistakes of other entities.
- Community foundations use standards to promote self-regulation in a manner viewed positively by the Internal Revenue Service, which has increased its scrutiny of charities offering donor-advised funds.
- Community foundation standards help reduce the risk of joint marketing by ensuring that all participating community foundations have met certain consistent standards for service and operations.

3. Standards Build the Capacity of Community Foundations to Carry Out Their Missions

- Standards provide a template for training and technical assistance that can be used to efficiently transmit both established and emerging practices.
- Standards provide a framework within which community foundation practices can be systematically documented and communicated.
- Standards provide a set of consistent expectations that save time and focus energies for community foundation boards and staff.