

INTRODUCTION



FUND ADVISOR TOOLKIT

Northwest Minnesota Foundation

What is a Community Foundation?

A community foundation, such as the Northwest Minnesota Foundation (NMF), is a tax-exempt, 501(c)(3) nonprofit institution comprised primarily of permanent funds endowed by many separate donors for the long-term benefit of a given city, region, or state. Each of the more than 750 community foundations in the United States of America is a nonprofit, autonomous, philanthropic organization. Each has an independent governing body broadly representative of the public interest in its defined geographic area.

A component fund operates like a community foundation as a part of (or affiliate of) another 501(c)(3) nonprofit institution like a state-wide or regional community foundation, such as the Northwest Minnesota Foundation. Comprised of primarily permanent funds endowed by many separate donors, a component fund is advised by a local committee that reports to the 501(c)(3) institution's board.

Component funds of the Northwest Minnesota Foundation are treated as one with NMF and therefore share its tax-exempt and public charity status.

Community foundations and component funds are unlike any other philanthropic or nonprofit organization. It is not a federation of member agencies like the United Way. It is not a direct-service provider like the Salvation Army. It is not a private foundation, fulfilling the interests of a particular individual or family.

Rather, their unique role is to provide a home for hundreds of donors, both living and deceased, who take advantage of this tax-favored way to enhance their charitable giving. Any citizen may become a philanthropist through gifts to a community foundation and its related funds.

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We believe Northwest Minnesota offers boundless opportunities.



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The funds and grants of a community foundation are only two parts of this unique and multi-faceted organization. A community foundation, for example, is also an information center through which donors and nonprofit organizations can learn about the community and its myriad of needs, as well as to seek resources to meet those needs. It often serves as a broker between organizations and other funding sources, such as private foundations or government agencies.

It is the responsibility of a community foundation to anticipate the problems of the next generations and to address root causes. To that end, a community foundation often acts as a catalyst for positive change and as a convener of diverse groups for collaboration on issues of common concern.

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