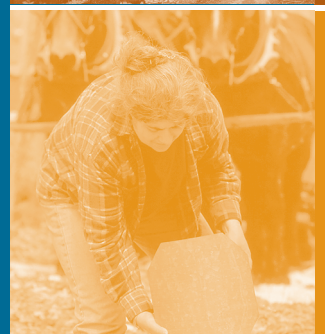
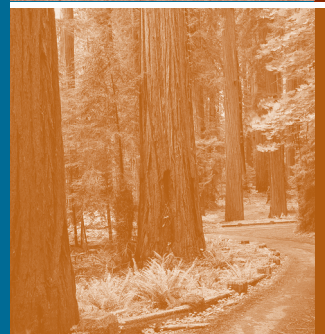


# Covering Rural Territory

A Framework of Rural Service Structures

for Community Foundations

October, 2004





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# Introduction and Users Guide

## What Have We Here?

This *Framework* is a guide for community foundations that want to think creatively about how to better serve the rural territory within their service areas. Offered here is a range of coverage structures that a community foundation might consider either *before* expanding service to rural areas, or *after* having done so, to clarify or refine their model. In either case, this *Framework* compares the characteristics and pros and cons of six possible structures.

Why offer this *Framework*? Over the last several decades a phenomenon has emerged: Rural philanthropy has started growing across the country like a field of wildflowers. Some rural community funds have sprouted as free-standing community foundations. Many have come to life through the serendipity of rural people who realize the benefits of a local fund and seek partnerships with a nearby community foundation that is willing to work with them. Still others get their start when a lead community foundation launches a specific effort to build rural funds by providing incentives or organizing support.

The results in these last two cases have been promising, if confusing. Why? Well, first, every foundation seems to use different terminology, or use the same terminology to mean different things. (Start just with the word *affiliate*: Try calling ten foundations, and see the range of definitions *you* get!) It's tough for the community foundation field to have productive conversations about what we are learning about rural fund development when we must spend half the available discussion time just understanding each other's terms.

Beyond definitions come other technical issues, some value-driven, some operational, some financial, most worth considering carefully. From the points of view of the lead foundation and the rural fund, are they forming affiliate foundations or community funds? Do the rural funds become their own non-profit 501(c)(3)s or advised component funds of the lead foundation? Who staffs the rural funds—the lead foundation, or local (usually volunteer) staff? Whose donor is whose? What is the hoped-for (and actual) role of the local advisory board or committee? Whose is it to manage the grantmaking process and keep it accountable? Does the lead

foundation need to worry about aligning the affiliate's priorities to its own? Will the lead foundation truly honor the local will of rural fund leaders?

This *Framework* represents accumulated knowledge from a decade or so of intensive work with community foundations that serve rural areas. They had no guidebooks, no rules-of-the-road, no classes to take to learn how to do this work. People learned by—and while—doing. Did they make mistakes? Sure. But they also left behind a rich trove of knowledge that is organized here to help others get a jumpstart on doing it better.

## How Is This Framework Organized?

This *Framework* has two main sections, each with its own purpose:

■ *Rural Service Structures and Characteristics*. This section briefly catalogs and compares the potential implications of a community foundation choosing a specific structure to serve rural areas. It is organized as a matrix, comparing an array of six prevalent community foundation rural service structures, using about a dozen key characteristics. The characteristics include how the community foundation's operations—e.g., staffing, governance, endowment development, program—may vary from structure to structure, as well as comparisons of overall pros and cons, goals and rationale.

In this section, each page compares the six structures on one characteristic. The structures are arrayed down the side of the left-hand page; users can simply turn the page to find the structures compared on a new characteristic.

■ *Rural Service Case Stories*. This section includes brief sketches of community foundations that exemplify each structure. These case stories illustrate each of the six models, taking you beneath the generalities to help you understand exactly how a specific rural-focused community foundation has sustained its Federation model, why another maintains a Consolidated Service model, or the mechanisms that keep a Service Bureau model serving. Not every case story demonstrates an unqualified success. But we learn by trying things out, and we learn by seeing what others have done before us. In this way, perhaps we can avoid the same pitfalls, and enjoy some shortcuts.

Each case story addresses similar topics for each foundation, including mission, service area, vital statistics about the foundation and the region, structure highlights, operations and governance, grantmaking, endowment building, keys to

success, lessons learned, and advice to others considering or using this rural service structure. Your peers in the community foundation field have been instrumental in helping us articulate the development, complications and advantages of these six models. You will find their contact information at the end of each sketch in case you want more information.

## How Can My Foundation Use This Framework?

### Caution: This Framework May be Helpful When Used

*Covering Rural Territory* was not developed to sit on a shelf. It is neither an encyclopedia nor the “final word” on covering rural territory. Rather, it is a tool with which you can actively engage your board, staff and other stakeholders in determining the best coverage structure for *your organization* and your region.

By defining six general coverage structures and exploring the implications that often evolve when these structures are implemented, this *Framework* may provoke productive discussions and advance your organization’s thinking about how you want to serve your rural territory. You or your board may disagree among yourselves or with the *Framework’s* assumptions regarding implications or distinctions made. That’s fine—better than fine! Use these disagreements as an opportunity for improving and clarifying an understanding of the goals, visions and, ultimately, the strategy that your organization will bring to your rural coverage structure.

### A Few “Use-full” Ideas

Here are just a few ideas for when and how a community foundation—or a rural fund considering its own structure—might employ this *Framework*.

- *At a board/staff retreat.* You could use this tool at a strategic planning or annual retreat of the board and staff to structure an “options discussion” about how to be of better service to your rural territory. Indeed, if participants read it in advance, with a specific set of reflection questions to answer, you will save time at the retreat by launching into the *middle* of your options discussion!
- *When a new rural funder or community approaches the foundation.* It can happen—and has. We know of several foundations that have suddenly surfaced a significant rural-focused donor or community fund in a locale that the foundation was not

fully serving. “How will we take this on?” they asked. This *Framework* can help your board and staff—and maybe the donor or community fund advisors—think this through together.

- *To orient new board members to rural issues and rural approaches.* Community foundation board members typically are isolated from any community foundation model but their own. Years of setting up and facilitating peer relationships among board members from different rural-focused community foundations have shown us that when board members see the possibilities and results of other models, it energizes them to become more engaged and innovative in their own foundation. Just reading this *Framework* offers a quick and easy way to expose board members to a range of community foundation approaches to serving rural areas.
- *To advance thinking and innovation among a group of community foundation peers.* When you get more than one community foundation in a room, nothing sparks more conversation than comparing “How we do this” or “How do you do that?” This *Framework* can help community foundation leaders get past the vocabulary problem (“When we say ‘affiliate,’ we mean. . .”) and organize a productive session or exchange about patterns, challenges and opportunities, whether it’s for a set of rural community foundations being aided by the same regional association of grantmakers, or just a random few of you trying to advise each other as peers.

No matter how you use it, we suggest that you approach this *Framework* as a workbook, with pen in hand and a critical outlook. Mark up the margins, the “Notes” section, the cover—and anything else if it makes you pause, ask a question, say “No Way!” or even “A-ha! I get it!”

## Definition of Terms

To help you navigate the language landscape, here is how we define key terms used in this *Framework*:

- **Autonomous vs. Advisory:** *Autonomous* refers to organizations that are distinct 501(c)(3) entities and whose boards have fiduciary and legal responsibility over a foundation’s activities. *Advisory board or committee* refers to volunteers that represent the service area and interests of area funds or divisions, but technically do not have final legal authority for its decisions. Community foundations generally give such advisory boards high levels of advisory and decision-making responsibility,

but they must then be reviewed and approved by the organization's formal board, which holds the final legal authority. (It is worth noting, however, that in practice, the decisions and grant recommendations made by advisory boards of area funds or divisions in many of these models are *always* approved by the central autonomous board of the lead foundation, usually without discussion—because the lead foundation *values local control over local decisions*.)

- **Central vs. Local:** *Central* refers to the autonomous lead foundation that often, but not always, initiates the rural coverage strategy or structure. *Local* may describe an entity, fund, division, advisory board or sponsored foundation that is situated within a subdivided rural service area(s) of the lead foundation.
- **Foundation vs. Fund vs. Division:** *Foundation* is used to mean a distinct 501(c)(3) with an official and legally responsible board of directors. *Fund* represents one component fund of a foundation that may or may not have an advisory committee. *Area Fund* is a component fund of a lead foundation dedicated to a specific geographic area that is organized as one unrestricted fund amassed from the contributions of many donors. *Division* represents a geographic subdivision of a lead foundation which offers its area the full complement of component fund options and community foundation services, but without its own 501(c)(3) status.
- **Costs vs. Benefits:** (On the *Cost/Benefit Comparisons* page of the *Framework*): *Costs* include all resources (financial, human and otherwise) committed to the rural coverage strategy/structure. *Benefits* refers to the depth and breadth of dedicated service, representation and program activities that occur on the local level. *Return on central foundation's investment* refers both to the balance between costs and benefits and the likelihood that the central foundation will reap financial and public relations "returns" because of this structure. *High/medium/low* is meant to describe a relative level (compared to other structures) of cost, benefit and return on investment; these are generalizations, but are given more depth when reviewed along with the "pros" and "cons" listed for each structure.

### Some Tips, Some Caveats

Here are just a few things to keep in mind as you use this guide:

- *This Framework does not explore every possible community foundation service structure.* Instead, it identifies a set of generally apparent structures—useful

abstractions or models derived from the most common practices at work within the field today, depicting the field's most common and distinct coverage strategies.

- *In the real world, few structures are completely pure!* Many community foundations have developed in ways that combine multiple structures. Elements within different structures may be mixed and matched.
- *Aspects of several structures may exist within single divisions of a community foundation.* For example, regional divisions within a Federation may also include Area Funds.
- Structures sometimes evolve, *but do not have to evolve*, from one into another.
- This *Framework does not assign value* to particular rural coverage strategies. No one structure is more “ideal” than another. Community foundations typically choose structures based on local context, local goals and the preferences of its leaders.

This *Framework* seeks to help establish *a useful and distinct lexicon for the field*. Every attempt is made to create a useful vocabulary, to use terms that are as generic and objective as possible. For example, we have chosen to avoid the ubiquitous term “affiliate” because it tends to mean different things to different community foundations.

## Who Developed this Framework—and Why?

*Covering Rural Territory* is a product of the Rural Development Philanthropy Learning Network (RDPLN), managed by the Community Strategies Group of the Aspen Institute. Version 1/2002 was first developed as a resource for the Learning Network's peer-exchange workshop *Covering Rural Territory: Affiliate and Alternative Structures for Rural Development Philanthropy* (January 2002).

This version contains revisions based on feedback from community foundation leaders who participated in that first workshop, and it offers brief *case stories* of real-life community foundations that exemplify each model. Over time additional *case stories* illuminating the real-life drama of implementing these structures will be added and updated. As case stories become available, you may add them—the section dividers are in place and ready.

These models and the relationships and distinctions among them are a piece of basic “intellectual capital” that can be used by the community foundation field to inform and improve Rural Development Philanthropy. In developing and sharing this *Framework* we hope to continue to surface useful distinctions and constructive questions that will improve thought and action among community foundation leaders who want to serve their rural areas well.

## **Can We Help Make This Framework Better?**

Oh yes, definitely. We expect and sincerely hope that you will help amend and improve *Covering Rural Territory*. Indeed, we hope to occasionally revise this *Framework* whenever feedback and significant changes in the field suggest it, and produce fresh case stories to continually illustrate community foundation options. Feel free—and *encouraged*—to offer your own case story. We invite you to offer any comments, edits or criticism on this version by emailing the Community Strategies Group and the RDP Learning Network directly at [rdpinfo@aspencsg.org](mailto:rdpinfo@aspencsg.org).

Please visit the Learning Network website at [www.aspencsg.org/rdp](http://www.aspencsg.org/rdp) for companion materials that may help your foundation use *Covering Rural Territory* as a dialogue and decision-making aid for your board, staff and stakeholders. While you are there, look for peer-learning materials and exchange opportunities that relate to other challenging topics facing community foundations that seek to use the tools of community philanthropy to improve the livelihood of rural families and communities. Better yet, while you're there, *join the RDP Learning Network!*



## Evolution, Motivation and Acknowledgments

*Covering Rural Territory: A Framework of Rural Service Structures for Community Foundations* has emerged from almost a decade of work with rural-focused community foundations in the Rural Development and Community Foundations Initiative (RDCFI), and its successor, the Rural Development Philanthropy Learning Network (RDPLN).

Throughout the seven years of RDCFI (1993-2000), eight statewide and regional community foundations launched new and innovative efforts to use their foundation's endowment building, grantmaking and community building tools to better serve rural populations and areas, especially those affected by persistent poverty. RDCFI was conceived and funded by the Ford Foundation, and managed by the Aspen Institute Community Strategies Group (CSG). Among the most productive aspects of the design of RDCFI were intensive peer-learning "institutes" and exchanges among key staff and board teams from each foundation. So our first set of thanks goes to the many board members, staff, nonprofit partners and donors who participated in RDCFI from these trail-blazing foundations:

- Arizona Community Foundation
- East Tennessee Foundation
- Maine Community Foundation
- Montana Community Foundation
- New Hampshire Charitable Foundation
- New Mexico Community Foundation
- Greater New Orleans Foundation
- Coastal Community Foundation of South Carolina (formerly called The Community Foundation Serving Coastal South Carolina)

Building on the rural progress and peer-learning experience of RDCFI, in 2001 CSG launched the current RDP Learning Network to engage a larger number of rural-focused foundations in what we now call Rural Development Philanthropy, again with initial support from the Ford Foundation. Rural Development Philanthropy is *the process and practice of creating and strengthening locally controlled endowment, grantmaking and community programs to improve rural livelihoods, economies*

*and community vitality.* CSG initiated the RDP Learning Network to help improve RDP outcomes, using two strategies. First, we engage a large and diverse group of community foundations, philanthropic organizations and rural practitioners from around the world in a variety of peer-learning and peer-advisory exchanges. Second, we develop and disseminate thinking and action frameworks, practical tools and stories based on the pioneering and flourishing practices of RDP practitioners.

As one of its first activities, the RDP Learning Network queried the community foundation field to learn the key challenges facing community foundations and other philanthropic organizations as they endeavor to more fully serve rural communities with endowment building and program efforts. A primary challenge that surfaced was *how best to structure philanthropic organizations to serve expansive rural territories.* To help us examine current practice, and identify and clarify the various structures being employed in the community foundation field to serve rural communities, CSG first convened a small group of community foundation leaders and consultants who had participated in RDCFI and were very familiar with rural coverage structures. CSG thanks this group of individuals for their contribution of time and talent:

- *Elizabeth Banwell*, Integral Assets, Inc., former Director of Marketing and Communications, Maine Community Foundation
- *Jennifer Leonard*, President/CEO, Rochester Area Community Foundation; author of the original study (1991) of community foundation coverage structures—*Covering Territory: Community Foundation Area Funds and Affiliates*
- *Peter Plastrik*, Integral Assets, Inc., recent organizational consultant to Greater New Orleans Foundation, Maine Community Foundation, Coastal Community Foundation, Arizona Community Foundation, New Hampshire Charitable Foundation
- *Patricia Vasbinder*, Consultant and former Vice President and Chief Operating Officer, New Hampshire Charitable Foundation

Working with this team, CSG staff developed a draft version of this framework, called *Rural Service Structures and Characteristics*. The original draft (Version 1/2002) served as the framework for a field-wide RDP Learning Network Peer-Exchange Workshop held in Washington, DC, in January 2002, titled: *Covering Rural Territory: Affiliate and Alternative Structures for Rural Development Philanthropy*.

This current version of *Covering Rural Territory* has been revised and improved as a result of the expertise, questions and suggestions emerging from the *Covering Rural Territory* workshop. Both the *Workshop Resource Team* and more than 60 workshop participants, representing 41 community foundations from around the United States, helped CSG add detail and depth to the revised draft. We gratefully acknowledge the contributions of workshop participants and the following members of the *Workshop Resource Team*:

- *Elizabeth Banwell*, Consultant, Integral Assets, Inc.
- *Heather Larkin Eason*, Vice President, Development, Arkansas Community Foundation
- *Ann Hansen*, Board Member, East Tennessee Foundation
- *Terry Holley*, Vice President for Programs and Regional Development, East Tennessee Foundation
- *Leslie Lilly*, President/CEO, The Foundation for Appalachian Ohio
- *Ben Johnson*, President/CEO, The Greater New Orleans Foundation
- *Marion Kane*, Executive Director, Barr Foundation
- *Madeleine McGee*, President, Coastal Community Foundation
- *Peter Pennekamp*, Executive Director, Humboldt Area Foundation
- *Bill Pratt*, Director of Philanthropic Services, Foundation Northwest
- *Carla Roberts*, Vice President of Affiliates, Arizona Community Foundation
- *Jeff Yost*, President and CEO, Nebraska Community Foundation

Many upon many community foundation people have helped us develop case studies, succumbing to countless interviews, sending us materials, reviewing and updating drafts, critiquing our organization of the information. In lieu of listing them all, we thank especially those who were willing to be listed as contacts at the close of each case study!

Sooner or later, someone has to get down to writing and organizing all this learning and material. The virtual team of Aspen CSG staff that have worked on the initial and revised versions of *Covering Rural Territory* include: Mridulika Menon, Diane Morton, Jane Stevenson and Janet Topolsky—with the preponderance of the work advanced with gusto and insight and ably completed by Elizabeth Myrick.

CSG also gratefully acknowledges the graphic design contributions of long-time friend and colleague, Betsy Rubinstein of InForm. Without Betsy's design talent, keen eye, flexibility and years of experience with RDP and CSG, this tool would be far less user friendly, attractive and engaging. In fact, it may have remained permanently lodged in our imagination.

Of course, our primary gratitude must always go to Betsy Campbell, former Senior Director of the Asset Building and Community Development Program of the Ford Foundation, who, when a program officer back in 1993, had the vision and creativity to start RDCFI, and then the commitment to stay with it through the creation of the RDP Learning Network. We add to that our appreciation and thanks to current Ford Foundation program officer Linetta Gilbert (former Vice President, Greater New Orleans Foundation) who continues to care about and for the development of this field.

Finally, CSG thanks the more than 100 (*and growing daily—you can join too!*) members of the RDP Learning Network for your continuing efforts to serve rural communities more fully and to engage in constructive peer learning with your fellow RDP practitioners. With your help and guidance, this tool will be an evolving, practical example of the fruits to be harvested from peer learning.

As always, productive peer learning to you!

Rural Development Philanthropy Team  
Aspen Institute Community Strategies Group

Diane Morton

Jane Stevenson

Janet Topolsky

*To join the RDP Learning Network, please visit [www.aspencsg.org/rdp](http://www.aspencsg.org/rdp)*



**Consolidated Service**

A single community foundation serving a self-defined region that is entirely rural or includes both rural areas and city (or cities) that is the region's service hub.

**Area Fund**

A single community foundation that manages among its funds individual discretionary funds dedicated to particular geographic sub-regions or "areas"—such as counties, groups of counties, individual communities, or sets of adjacent communities.

**Federation**

A single community foundation with one or more geographic divisions that act as mini-community foundations. Both the central "lead" foundation and each division perform most or all standard community foundation functions, and all benefit from a well-structured affiliation with one another.

**Service Bureau**

A single community foundation whose *primary mission* is to help establish, build and service local geographic component funds across its territory. The Service Bureau community foundation conducts little or no endowment building or grantmaking activity focused on the region as a whole; the vast majority of the foundation's grantmaking and endowment building is conducted by the local funds in and for their sub-regions.

**Incubator**

A lead community foundation, private foundation or regional association of grantmakers sponsors, incubates and spins off a single, autonomous community foundation to cover a nearby and/or underserved rural area.

**Partnership**

Two or more autonomous community foundations agreeing to *jointly* serve a rural area—often a region that overlaps state or county lines—through a shared area fund or division.

In this model, the foundation seeks to pull the region together through a regionally focused vision and service approach. Thus, it does not actively promote the creation of geographically designated component funds for rural or non-rural areas, although typically it will accept them.

This model differs from the Federation model by this key distinction: Each Area Fund is one single discretionary fund amassed from the contributions of many donors. Its only restriction is the designated geographic area. In the Area Fund model, the central “lead” foundation provides donor and grantmaking services to the region as a whole, as well as to areas not covered by a specific Area Fund. Each Area Fund’s grantmaking, community work and endowment building typically are advised or conducted by a local volunteer advisory committee.

In a Federation, each division manages the entire range of funds that the central “lead” foundation does. Both the lead foundation and each of its geographic divisions have governing boards and perform most or all standard community foundation functions—the division for its specific geographic sub-area, and the lead foundation generally (but not exclusively) for the foundation’s territory as a whole. As with all models, fiduciary and legal responsibility for all activities rests with the lead foundation.

Division of labor and focus of effort distinguishes the Service Bureau from the Federation and Area Fund models. In this case, the lead foundation sees its principal job as developing the local funds and providing them excellent “back-office” functions—administration, finance, accounting, investment, board training, staffing and coordination. It is the local funds that generate programs, grantmaking, donor services, and endowment building.

**Incubation typically occurs when an existing foundation sees or responds to the need for building community-focused philanthropy in adjacent rural regions, but feels it would stretch its own capacity too far to include the additional regions in its service area.**

**Partnerships are rare, but can surface when locals identify more strongly with an “unofficial” but natural social, economic, geographic or cultural region than they do with artificially drawn political boundaries—and when cooperation *between community foundations* becomes preferable to competition!**

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

## YOUR GOALS / RATIONALE :

1. Accessible and holistic service throughout region.
2. A single organization promoting a broad regional vision.

1, 2 plus:

3. Expanded, deeper and targeted rural services, relationships and participation.
4. Single development message and “entry point” for community foundation.

1, 2, and 3, plus:

5. Rural stakeholders have local access to full range of community foundation resources/services.
6. Locally driven organizations with access to regional vision and expertise.
7. Balanced local, regional representation, vision and input.

1, 2, 3, 5, 6, and 7, plus:

8. Economies of scale and overall efficiency—that which can be better done locally is done locally and that which can be centralized is centralized.
9. Central organization achieves reduction in program costs.

1, 3, 5, 6, 8, and 9, plus:

10. Rural services and relationships incubated but not necessarily sustained by central foundation.
11. Non-competitive approach to overlapping territory.
12. Reduced risk for both local community foundation and central foundation.

1, 3, 4, 5, 6, 7, 8, and 9, plus:

13. Expanded rural service to a self-identified region that crosses otherwise arbitrary borders.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

Central foundation.

Both local fund and lead foundation—depending on function or activity.

More often the local division, but sometimes lead foundation.

Local foundation.

Both local entity and the more proximate foundation.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

Single Regional/Statewide Board.

Regional/Statewide Board advised by local advisory committees or boards (some advisory board members may also serve on regional/statewide boards).

Single Regional/Statewide Board advised by local advisory committees or boards; central organization provides 501(c)(3) and other reporting and administration.

Structure may be initiated by central foundation starting new divisions *or* by existing local foundations consolidating to form a central 501(c)(3) as a Service Bureau.

Both central foundation and sponsored foundations are governed by autonomous, fully functional and legal boards; structure could also apply to community

foundations with supporting organizations (requiring some shared board members).

All collaborating foundations governed by independent, fully functional boards; a joint committee may oversee

the partnership at each foundation's board level; local advisory board often binds the partnership together.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

## MANAGEMENT :

Central foundation's operations, administration and financial management is inclusive of rural coverage expenses.

Central foundation's operations, administration and financial management can be separate from rural efforts, but most often, area funds' operations and expenses are integrated into central operations.

Central foundation's operations, administration and financial management is separate from rural efforts; central organization has final say in divisions' overall operations, but allows divisions freedom in day-to-day management.

Central foundation has authority over local divisions' operations, administration and financial management, but divisions have freedom in day-to-day management, program and fundraising activities.

At first, central foundation offers incubated foundations a range—from all to none—of administration, operations and financial management. Over time, as local assets/capacity increase, the management (and governance) shifts entirely to sponsored foundation.

Each partner contributes a share of operating and management resources.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

## STAFFING :

Most often, staff is integrated into other community foundation services; rarely, separate or exclusive staffing is assigned to rural areas.

Often, staffing is incorporated into central foundation, but may have targeted staff for development or program work of area funds.

Staffing may be incorporated into central foundation or hired and stationed locally; decision to hire local staff usually reflects maturity, assets and preferences of division.

Staff often stationed locally, but may be hired by and integrated into central foundation; early on, staff may focus primarily on developing local funds and building the division's capacity—program/grantmaking often emerge after funds have been raised.

Central foundation often provides initial staffing; decision to hire local staff depends on capacity, assets and goals of sponsored foundation.

Staffing is often absorbed by each partner's operations, but may be donated by more mature partner or funded equally by the partnership.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

- No significant structural distinction between rural endowment building and non-rural endowment building.

- Funds are sometimes “seeded” by a single donor or matching funds.
- May be raised according to the “many donors-single fund” model.
- Especially amenable to challenge/matching program.

- Offers opportunity for grassroots fundraising strategies.
- Lends itself to a nonprofit “fundraising” campaign model for endowment.
- Central foundation and area funds agree on who and how to approach shared donors.

- Divisions' operating funds are sometimes “seeded” by a single donor or matching funds.
- Full complement of community foundation endowments tied to region are raised and managed locally, but legally held and invested by central foundation.

- Central foundation and divisions make agreements about who and how to approach new or shared donors.

- For new divisions, operating funds may be “seeded” by single donor or a challenge grant from central foundation.

- Each division offers full complement of community foundation funds as long as regionally focused.
- Funds often raised and managed locally, but legally held and invested by central foundation.

- Operating endowments for sponsored foundations often seeded by donor/private foundation through the central foundation.
- Full complement of community foundation endowments held by local foundation, but central foundation gives fundraising, management and investment assistance.

- Central foundation and sponsored foundations agree on who and how to approach shared donors to avoid competition and confusion.

- May be structured as area funds or as divisions.
- Fund(s)/operations shared by two or more foundations, often depending upon the side of border a donor or grantee lives.

- Fundraising practices and donor relationships are made very clear to avoid competition and confusion.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

## INVESTMENT POLICIES :

No distinct rural investment policy.

Area fund advisory boards are offered investment options similar to any other donor to the central foundation.

Divisional funds may be invested according to central foundation policies or may be allowed to use local investment managers/options.

Divisional funds may be invested according to central foundation policies or may be allowed to use local investment managers/options.

Central foundation may offer guidance or even manage investments at start-up; once incubation period is over, sponsored foundations develop their own investment policies.

Based on agreement of partners; most often, investments handled by foundation that holds individual funds; some funds may be managed locally.

**Consolidated  
Service**

**Area Fund**

**Federation**

**Service  
Bureau**

**Incubator**

**Partnership**

## PROGRAM (NON-GRANTMAKING):

- No structural distinction between rural program and non-rural program.
  - More emphasis may be placed on regional/statewide issues.
  - May act as neutral regional convener or as a natural partner to other regional/statewide program and policymaking organizations.
- Local advisors may act as conveners or sponsors for grassroots events or decision-making.
  - Advisors report on needs and assets of their communities in ways that might help steer policy (both of central foundation and of other entities).
  - Local advisors may take less active role on regional/statewide issues.
  - Central foundation often plays role in building leadership and capacity of divisions as a community-building program.
- Local advisors act as conveners, sponsors for events and local decision-making.
  - Advisors report on needs/assets of communities to help steer policy (both of central foundation and other entities).
  - Divisional and central boards/staff may take role in statewide/regional decisions and programs—either separate from or in collaboration with each other.
  - Central foundation often plays role in building leadership and capacity of divisions as a community-building program.
- Local advisors act as conveners and sponsors for events and local decision-making.
  - Advisors report on needs/assets of communities to help steer policy (both of central foundation and other entities).
  - Divisional and central boards/staff take role in statewide/regional decisions and programs—separate from and in collaboration with each other.
  - Central foundation often plays role in building leadership and capacity of divisions as a community-building program.
- Each sponsored foundation may act as convener or sponsor of grassroots events or decision-making with central foundation taking more prominent role early in incubation process.
  - Each advises the other on the community needs/assets and helps steer policy.
  - Sponsored foundation boards and staff take role in statewide/regional decisions, programs, either separate from or in collaboration with central foundation.
  - Central foundation often plays role in building leadership and capacity of divisions as a community-building program.
- Partners/local advisory board may convene and sponsor grassroots events or decision-making when addressing issues of interest to all.
  - Local advisors can advise larger regional foundations on the needs/assets of the shared region.
  - Partners have convening and sponsoring activities separate and distinct from the partnership.

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- No structural distinction between rural grantmaking priorities and process and non-rural grantmaking priorities and process.

- Local advisory boards review and recommend local discretionary grants.
- Local advisory boards may or may not have discretion to develop grantmaking priorities and process.
- Grant applications and awards are administered and filed by central organization.
- In best case, at start-up, nonpermanent or re-granted funds are available to enable immediate local grantmaking.
- Central foundation handles all region-wide grantmaking and grantmaking from endowed funds not under local control.
- Legally, all grants are officially approved by central foundation board.

- Discretionary grantmaking is conducted by committee of divisional boards.
- All local grants reviewed and recommended on local level.
- Divisional board has discretion to develop grantmaking priorities and process.
- Administration of advised, discretionary, designated and scholarship grants done locally or with central foundation.
- Legally, all grants are officially approved by central foundation board.

- Central foundation cedes all discretionary grantmaking (as well as local-level advised, scholarship, designated grantmaking) to divisions.
- Central foundation typically performs only region-wide grantmaking and only through donor directed (non-discretionary) funds.
- Legally, all grants are officially approved by central foundation board.

- Some grantmaking activities may be done collaboratively with central foundation staff or support.
- Often, grantmaking priorities, process, decisions and administration of discretionary, advised, designated and scholarship grants are done at the local level as funds allow.

- Could offer a range of grantmaking programs, depending upon whether the advisory board and partnership function as an area fund or as a division (federation/service bureau model).

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- Localized Service: Low.
- Central Costs: Low.
- Return on Central Foundation's Investment: Not applicable.

- Localized Service: Medium.
- Central Costs: Medium.
- Return on Central Foundation's Investment: Medium.

- Localized Service: High.
- Central Costs: Initiation High; Maintenance Medium to High.
- Return on Central Foundation's Investment: High.

- Localized Service: High.
- Central Costs: Initiation High; Maintenance Low to Medium.
- Return on Central Foundation's Investment: Medium.

- Localized Service: High.
- Central Costs: Initiation High; Maintenance Low.
- Return on Central Foundation's Investment: Varies: May be higher in public relations; lower in fees, fund development, etc.

- Localized Service: High.
- Central Costs: Medium.
- Return on Central Foundation's Investment: Medium.

**Definitions:**

*Costs* include all resources (financial, human and otherwise) committed to the rural coverage strategy/structure.

*Benefits* refers to the depth and breadth of dedicated rural service, representation and program activities that occur on the local level.

*Return on central foundation's investment* refers both to the balance between costs and benefits and the likelihood that the central foundation will reap financial and public relations "returns" because of this structure.

*High/medium/low* is meant to describe a relative level (compared to other structures) of cost, benefit and return on investment; these are generalizations, but are given more depth when reviewed along with the "pro's" and "con's" listed for each structure.

## OVERALL PROS :

### Consolidated Service

- Single board requires no "integration" for making decisions, performing advocacy or sponsoring regional/statewide programs.

### Area Fund

- Central foundation provides 501(c)(3) and other reporting, administration and marketing support.
- Effective system for targeted discretionary rural funds and grants using local knowledge.
- Allows deeper/expanded relationships with rural leaders/communities.

### Federation

- Central foundation provides 501(c)(3), reporting, administration, marketing so local divisions can focus on grantmaking/development.
- Empowers rural communities by allowing them to bring assets to rural development table.

### Service Bureau

- Central foundation provides 501(c)(3), reporting, administration, marketing so local divisions can focus on grantmaking/development.
- Cooperating organizations allow for a standing collaboration—both as new program opportunities arise and when a crisis or decision-making moment emerges for one area, or for the region/state.

### Incubator

- Central foundation provides 501(c)(3) for "incubation period."
- Cooperating organizations allow for a standing collaboration—both as new program opportunities arise and when a crisis or decision-making moment emerges for one area, or for the region/state.

### Partnership

- Partnering organizations offer standing regional "collaboration."

- By design, all commitments and relationships are consolidated and represent and promote regional/statewide identity.

- Fewer relationships to maintain.

- Cooperating organizations allow for a standing collaboration—both as new program opportunities arise and when a crisis or decision-making moment emerges for one area, or for the region/state.
- Raises rural awareness of community foundation.
- Single message offers easier entry point in communities.
- Central message and control.

- Empowers rural communities by allowing them to bring assets to rural development table.
- Grassroots fundraising and program work build local ownership, foster community economic development.
- All funds raised in divisions contribute fees and increase pooled invested assets of central foundation.

- Vehicle for grassroots participation, increased fund development, local leadership.
- Cooperating organizations allow for a standing collaboration—both as new program opportunities arise and when a crisis or decision-making moment emerges for one area, or for the region/state.

- Central foundation has trained ambassadors and community partners in service region.
- All funds raised in divisions contribute fees and increase pooled invested assets of central foundation.
- If divisions are viable, rural communities do not drain central foundation's grant resources.

- Central organization avoids expense of discretionary grantmaking.
- Empowers rural communities by allowing them to bring assets to rural development table.
- Vehicle for grassroots participation, increased fund development and local leadership.

- Central foundation has trained ambassadors and community partners in service region.
- All funds raised in divisions contribute fees and increase pooled invested assets of central foundation.

- Autonomy of foundations allows maximum local control, while still less risky than usual start-up.
- Local foundations can be distinguished from central foundation, but can also do marketing jointly.
- Guaranteed spin-off allows central foundation an "exit strategy."

- Empowers rural communities by allowing them to bring assets to rural development table.
- Once local community foundations become viable, rural communities don't drain central foundation's operational grant resources.
- Central foundation resources are not drawn away from its own primary service area.

- Underserved regions gain access to community foundation services without expense or duplication of separate foundation.
- Non-competitive model allows more resources to go into service (rather than marketing, etc.).

- Provides a model for regional cooperation across and despite arbitrary borders.

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## OVERALL CONS :

- Difficult to reach as deeply or as often into rural communities.
- More difficult to identify emerging and non-traditional rural leaders.
- Challenge to develop rural funds when held by “distant” foundation.
- Potential conflict or competition between rural and metro in grantmaking, operating priorities.
- Grassroots fundraising strategies differ from traditional community foundation culture/fundraising—more costly to develop, administer.
- Smaller, more numerous gifts add to processing expenses of central foundation.
- Raising discretionary funds is often difficult, labor-intensive.
- Donors/stakeholders may not comprehend full range of community foundation funds and services—may only know “the part of elephant they are touching.”
- Lengthy education and volunteer training process.
- Must have process for re-training volunteers as local boards turn over.
- Distance may challenge central foundation in developing rural funds/divisions.
- Challenge to manage numerous relationships and the autonomy of divisions.
- Potential dilution of central foundation’s message and resources.
- High operating costs of divisions.
- Risk of divisions reflecting poorly on central foundation and vice versa.
- Added layer of bureaucracy for grantees, donors, staff.
- Lengthy education and volunteer training process.
- Must have process for re-training volunteers as boards turn over.
- Investment policies (whether to handle locally/centrally) can be challenging issue.
- Especially in early years, difficult to raise operating funds for the central foundation.
- May encourage rural provincialism.
- Difficult to manage relationships and negotiate autonomy of divisions.
- Dilution of central foundation message and resources.
- Operational expense of divisions.
- Risk of divisions reflecting poorly on central foundation and vice versa.
- Additional bureaucracy.
- Lengthy education and volunteer training process.
- Must have process for re-training volunteers as local boards turn over.
- Distance may challenge central foundation in developing rural funds/divisions.
- Investment policies (whether to handle locally/centrally) can be challenging issue.
- May encourage rural provincialism.
- Central foundation incurs expense of incubating local foundations, but loses fees and pooled assets.
- Exit strategy and relationships may be difficult to negotiate.
- Education and volunteer training process is lengthy.
- Population level, donor support and community support may not be adequate to support autonomous foundation when incubation ends.
- Challenge and expense of managing a partnership.
- Risk that region/partnership may suffer benign neglect.
- Stakeholder confusion over partners, local entity.
- Difficult to manage relationships and negotiate autonomy of local entity.
- May be band-aid, not cure for underserved regions.

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## EXAMPLES :

- Vermont Community Foundation
- Greater New Orleans Foundation

- Maine Community Foundation
- South Dakota Community Foundation
- East Tennessee Foundation
- CREATE Foundation

- New Hampshire Charitable Foundation
- Arizona Community Foundation
- Arkansas Community Foundation

- North Carolina Community Foundation
- Nebraska Community Foundation

- Community Foundation of the Ozarks (MO)
- Humboldt (CA) Area Foundation
- Greater Memphis (TN) Community Foundation
- Lilly Foundation GIFT program (private)

- Upper Valley Community Foundation (New Hampshire Community Foundation/Vermont Community Foundation)





**Rural Development Philanthropy Learning Network**

Community Strategies Group

The Aspen Institute

[www.aspeninc.org/rdp](http://www.aspeninc.org/rdp)