



COMPASS

FOR COMMUNITY
FOUNDATIONS
IN HUNGARY



KÖZÖSALAPON



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The purpose of the present document is to provide guidelines and assistance for those seeking to organise community foundations in Hungary. After presenting what the **CommonGROUND** (KözösALAPON in Hungarian) programme considers to be a model community foundation in Hungary today, we go on to describe such an organisation in more detail, giving ideas for possible development directions for potential leaders and organisers, and clarifying what type of community foundations we can support professionally and financially. The following description aims to be simple and clear, so it only touches upon those features that are important in the initial period of organising and founding. The parts in italics after the particular features contain explanations, reasoning and some supplementary comments.





THE FEATURES OF COMMUNITY FOUNDATIONS

Community foundations are non-governmental organisations established by members of a community to support the development of the community. They are committed to long-term operations based on mutual trust, knowledge of the community, and continuous self-development. They pursue their objectives through developing local philanthropy, strengthening local identity and community cohesion, and promoting the concept of active citizenship. Their principal activities include fundraising, grantmaking, and community development. Community foundations are primarily support organisations: they support the realisation of the ideas of community members and do not implement their own programmes. At the same time, they do their best to comply with all of the following:



General

1. **A community foundation is a non-governmental organisation set up by a group of individuals, and registered as a foundation.**

The foundation is the most appropriate organizational form for pursuing the objectives and performing the activities of such an organisation, since it ensures democratic decision-making as well as the accumulation and redistribution of assets. In order to complete its mission, it is also very important for a community foundation to be established and run by local citizens in an independent manner.

2. **A community foundation operates in compliance with the prevailing laws and regulations.**

The observance of laws and regulations is critical for a credible and sustainable long-term operation, and for gaining the trust of the community.

3. **Community foundations are autonomous, non-partisan organisations: political parties, businesses, other NGOs, the local authorities or private individuals should have no decisive influence over them.**

For a community foundation, one of the tokens of serving the community is to keep the appropriate distance from particular views and political interests. Autonomous operation boosts credibility, too.



Purpose

4. The purpose of a community foundation is to improve the quality of life of people and their communities in a (geographically or administratively) defined area. A community foundation also operates to assist the development of active local communities, find opportunities for people to engage in local issues, and solve community problems and decrease inequalities.

This general purpose, which seems to be valid for many organisations, is a kind of historical tradition on the one hand, while on the other hand it focuses the board members of a foundation on developing the work of the organisation along the needs and opportunities of the community, as well as their own opinions. An example is when they need to decide about what is perceived as more important: developing local donor activity and donor involvement in supporting local efforts, or providing individuals with more opportunities to do something for their communities, regardless of whether the community foundation can support their action with money or in-kind support.

At the same time, there are common practices which characterise community foundations, such as the clear (geographical or administrative) definition of the community served, the three core activities (see points 6, 7 and 8), or the supportive nature of the organisation. Together these practices provide a clear compass for community foundations in pursuing their objectives.

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Activities

5. The activities of community foundations are, as far as possible, comprehensive and inclusive: they could cover all the areas important for the community (e.g. education, children/youth, environment, social issues, etc.) and may reach all community members.

The comprehensive and inclusive nature of activities enable community foundations to deal with the issues of their communities in a complex and thorough way, flexibly reacting to their changing needs (including the changing needs of donors), and paying special attention to involving groups that are typically hard to reach and mobilise.

6. One of the primary activities of community foundations is fundraising.

Perhaps the most important aspect of fundraising is collecting donations from individuals and companies related to the community (i.e. local sources), through:

- informing donors about community needs;
- cultivating a personal relationship with donors on the basis of mutual trust;
- flexibly adapting to the ideas of donors as far as possible;
- promoting the donor and the act of giving/philanthropy.

Community foundations aim to mobilise “untapped” resources from within the community which have not yet been accessed by other civil organisations. Community foundations also raise funds for their endowment.

Through working with local sources, community foundations do not only obtain the necessary “money”, but also build awareness, sensitivity and responsiveness among donors regarding the situation and problems of the community. At the same time, they may mobilise other knowledge /resources from donors, strengthening a sense of community cohesion. Also, local sources are more reliable, as donors are involved in a given issue on an on-going basis, are in regular contact with the community foundation, and can see the results of the work themselves. Finally, promoting the act of giving and presenting local donors as role models are important ways of developing local philanthropy and involving potential new donors.

In order to avoid conflicts and competition with other local NGOs, community foundations aim to collect donations from new target groups and with methods that have not been used in the community before.

Possessing a significant endowment is one of the cornerstones of the independent, professional and sustainable operation of community foundations, and the objective, therefore, is to start building an endowment from the beginning.

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7. The other primary activity of community foundations is grantmaking focused on issues important for the community. Grantees may include individuals, informal civic groups, NGOs, or even public and local institutions that serve the community. Grant-giving is organized through open calls for proposals. Community foundations involve donors and community members in selecting which causes to address.

The diversity of the grant-giving areas and the people, groups, organisations or institutions targeted contributes to ensuring that a community foundation deals with important issues in the community, serves the development of the community as a whole, and provides all members of the community with the opportunity to get involved and act.

8. Besides aiming to connect different community members through fundraising and grantmaking, community foundations also make efforts to strengthen connections among local people, paying special attention to the involvement of groups that are difficult to reach and mobilise (e.g. the elderly, people at a disadvantage, or minority groups) in the affairs of the community.



Organisation and Operation

9. The organisation operates as a foundation. Its main decision-making body is the Board of Trustees, the composition of which should mirror the diversity of the community. Trustees do their work on a voluntary basis. The Board ensures the high-quality and legitimate professional operation of the foundation, with special emphasis on making it transparent, ethical and democratic. The Board, as a group of individuals, demonstrates the kind of community activity and cohesion that it wishes to strengthen within the community.

Board members need to have a good understanding of the concept of community foundation and the most important laws and rules pertaining to such an organisation. They also need to be familiar with the plans and practical activities of their organization. The diversity of the board (which consists of people from different age groups, social status, gender, occupation, place of residence, etc.) ensures that the foundation makes decisions about its own work that indeed take into account the different points of view inherent in the community. The exemplary operation of an active Board underlines the organization's credibility, and is the single most important resource for its operation.

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10. Community foundations strive to make use of the non-financial resources inherent in the community, with special emphasis on voluntary work and pro bono services.

Involving volunteers and making use of pro bono services broadens and strengthens the relationships and reputation of a community foundation. At the same time, it allows community members to provide support in a number of different ways, while the operational costs of the foundation are also reduced. Voluntary work is crucial, both in the period leading up to the establishment of a community foundation and during its regular operation. It can be regarded as one of the most important safeguards of the sustainability of such an organization.

11. For the sake of transparency and building mutual trust, community foundations regularly inform the members of the community (paying special attention to groups that are difficult to reach) about their basic principles and programmes, about how they spend their income, and about the resulting outcomes. Besides providing information, they also aim to mobilize members of the community through their communication, and to create opportunities for a constructive local dialogue.

Community foundations strive to use as many communication channels as possible, especially the ones that have proved to be effective within the given community (online surfaces - website, social media, etc. -, personal information channels, forums, printed and electronic materials, etc.).

12. Community foundations are open to learn from the experiences of other similar organizations.

Learning about the experiences of other community foundations is an excellent way to obtain new information and ideas, and can serve as an important tool for self-development and for building relations with other community foundations in Hungary and abroad.