

Collaboration Debate

One donor, two community foundations

Your community foundation and a neighbouring one have been approached by one donor to create one donor advised endowment fund of \$2 million CAD across your two areas; the donor condition being with one approach, criteria and level of fees.

The donor is partially motivated to do this due to matched funding available via a private donor on a 1:1 basis that is available for the next eight weeks only as the offer is coming to an end. The donor also wishes to use the professional services of the community foundations and gain from their expertise and local networks.

The community foundations are asked to each submit a proposal on how they would run the fund in their area as a first stage; the second stage being to then create a joint proposal, after the donor has fed-back. The donor is donating \$1 million CAD to each area.

You have proposed typical level of fees at 1% annual fee for endowment, plus the investment manager's fee and no set up fee as you don't usually charge them. You are aware some community foundations do charge set up fees and you are exploring doing this in the next 6 – 12 months, following an internal research project. You also plan to charge set-up fees on top of any donations to honour the spirit of the donation being made, keeping administration fees separate.

The other community foundation proposes a 1% annual fee for endowment, plus the investment manager's fee and a set up fee of 10% of the entire value of the donation AND the match secured, and not a separate administration set up fee.

You are aware from recent Community Foundations for Canada bench marking that the highest set up fee is 5% on the first \$50,000 CAD donated.

Questions

What do you do to ensure the wishes of the donor are met, the eight week deadline is met and you don't lose out, but keep integrity, and that the other community foundation works in line with you and typical charges within your network??