Nigel Atkin

Be Your Own Foundation?

Somewhere in our life, we learn to be generous. Sharing comes easily to some people. To others, sharp teachings are repeated until it dawns on them that, in the bigger sense, altruism is really pragmatism.

There are countless stories of philanthropic awakenings by men, who after years, if not decades, of accumulating wealth, realize there's more to life than the economic bottom line. Their gift-giving is then sometimes carried out on a scale equal to, if not surpassing, their initial accumulation of fortunes. The names of Getty, Carnegie, Rockefeller, and Mellon, and more recently Turner, Moore, and Gates come to mind.

And so does my own name. I would like to be my own foundation. In my own way, I have helped individuals by giving them cash, coins, rides, advice, and sometimes shelter and more. I've taken food to elders. I've given money to charities; I've donated my time and voice. But honestly, I'd like to do more and, if possible, within a recognized system of giving—something that handles my interests, does the paperwork, conforms to regulations, and gets the job done efficiently.

On a larger scale, I recently read that the Institute of Public Policy Research proposed that some public services in United Kingdom could be improved by setting up public interest companies on the model of foundation trusts. The distinctive feature of such companies is that while they deliver a public service, they are independent of the state and do not have shareholders. The Institute states there are serious problems with delivering complex public services through shareholder-owned companies.

While this UK institute is putting forth another way of delivering services by using foundation trusts, it is interesting to note governments in Canada are also looking at new models of program delivery. In British Columbia, for instance, the government recently asked some well-established foundations to administer very progressive social policy changes from a community perspective.

…there's more to life than the economic bottom line.

Some policymakers seem to have done their homework. On a much smaller level, I started to do my own. What is the most efficient manner in which to share my small wealth in the community? How can I be generous and at the same time, maximize my wealth through existing tax rules to everyone's benefit?

If civil service boffins in the highest echelons of government in England are examining the benefits of foundations, and if our government in Victoria is looking for greater efficiencies and, at the same time, heightened community involvement, shouldn't the individual also examine foundations' attributes?

Today in Canada there are 124 community foundations serving urban centres of all sizes and many rural communities. The Winnipeg Foundation, established 1921, is the oldest. In BC, the Victoria Foundation, the second-oldest foundation in Canada, was established in 1936 with its own Act of Legislature. The Vancouver Foundation, with its roots in the early 1940s, was established by an Act in the Provincial Legislature in 1950. All these foundations, their histories, and grants are available on the Internet.

www.community-fdn.ca

www.wpgfdn.org

www.victoriafoundation.bc.ca

www.vancouverfoundation.bc.ca

Community foundations are networked across the country, dedicated to building and strengthening communities. Traditionally, community foundations do three things.

1. Pool the charitable gifts of many donors into permanent, income-earning endowment funds that benefit local communities.
2. Make grants from the earnings of these funds to support a wide range of local initiatives, from health, education, and social services, to arts and culture and the environment.
3. Provide leadership to their communities by bringing people together from all sectors to identify and address local needs.

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What's in a Name?

"A professional penman, a copyist, a scribe . . . a Notary." Thus the *Oxford English Dictionary* describes a Scrivener, the craftsman charged with ensuring that the written affairs of others flow smoothly, seamlessly, and accurately. Where a Scrivener must record the files accurately, it's the Notary whose Seal is bond.

Thus we chose *The Scrivener* as the name of our magazine: to celebrate the Notary's role in drafting, communicating, authenticating, and getting the facts straight. We strive to publish articles about points of law and the Notary profession for the education and enjoyment of our members, allied professionals, and the public.

Canadian community foundations held $1.6 billion in assets for their communities and made more than $80 million in grants in 2002.

Any foundation or philanthropic organization, socially responsible business, and especially government might feel obligated to ask the following questions posed in the recent Community Foundations of Canada annual report.

- How do we know our grants are making a difference?
- Are we addressing the root causes of social problems or treating symptoms?
- Given the difference we want to make, how do we ensure that our staff and volunteers have the skills they need to be most effective?

As an individual I ask myself the same kind of questions. Are my good works real or imagined? Am I actually helping anyone? With my limited resources, how can I be most effective? Will anything I do cause a positive, sustained ripple effect?

In speaking with Sandra Richardson, executive director and chief executive officer of the Victoria Foundation, I learned there are a number of efficiencies to be gained from working directly with a community foundation.

The most obvious reason seems to be simplicity and cost-effectiveness. An established foundation can handle all accounting, tax receipts, investment management, auditing, grant-making, and due diligence responsibilities. Sandra explained that for a minimum fee, this can be handled within the overall structure of the foundation. If I were to establish my own private foundation, I would need trustees or directors to perform, hire staff, or contract the services.

Within an established foundation, there's more impact for every dollar I donate. Richardson mentioned there is a lower taxable capital gains on gifts of appreciated securities and an immediate tax savings for most gifts of private company shares. There's also greater leverage for donations—access to other funds.

Within a private foundation, there's a higher taxable capital gains tax on gifts of appreciated securities. The difference between 25 percent and 50 percent is considerable. As well, tax savings for private company shares must be deferred or denied.

On the question of assured legacy, I found out that named funds within a foundation can exist in perpetuity. Longevity of a private foundation depends on long-term family interests, succession plans, and government policy.

Within a community, foundation donors can designate their funds to support particular charities if they wish. This allows donor flexibility to change focus, an option often lacking in a private foundation.

With my limited resources, how can I be most effective? Will anything I do cause a positive, sustained ripple effect?

I have been told the process to establish a private foundation can take considerable time and legal costs. Why reinvent the wheel?

On both the individual and institutional levels, the systematic redistribution of wealth is being reconsidered. Funders—be they individual donors or large corporations, governments, or foundations—like joint partnerships. From my perspective it seems like everyone benefits. ▲

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