

APPENDIX G

Michigan Foundations

WHAT IS A FOUNDATION?

A *foundation* is a nongovernment, nonprofit organization established to aid social, education, charitable, religious, or other activities serving the common welfare, primarily through making grants; foundation funds and programs are managed by its trustees or directors. Corporate and community foundations and charitable trusts are included in this definition. A *charitable trust* is one established for public benefit, usually setting out a defined charitable purpose for an undetermined number of beneficiaries.

There are organizations that bear the name “foundation” but have a primary purpose other than awarding grants; examples are public charities that (1) make general public appeals for funds, (2) act as trade associations for industrial or other special groups, or (3) function as endowments established for special purposes with a specific organization.

HOW MANY FOUNDATIONS ARE THERE?

There are an estimated 38,800 grant-making foundations in the United States; 1,270 are located in Michigan. The Michigan foundations—private, community, and corporate—have total assets of \$14.4 billion and, in their last reporting year, made charitable expenditures totaling \$8.6 million.

Almost a quarter of the Michigan foundations have assets under \$200,000. The great bulk of the assets held and grants made are by the 388 foundations having assets exceeding \$1 million.

WHAT IS A PRIVATE FOUNDATION?

A *private* foundation (also may be called an *independent* foundation) is a fund or endowment so designated by law and having grant making as its primary function. Such foundations’ assets most commonly are derived from a gift by an individual or family. Many function under the voluntary direction of family members and are known as *family* foundations. Others, which may bear a family name, have an independent board of trustees and are managed by professional staff. Typically, private/independent foundations have a broad charter but in practice limit their giving to a few fields of interest, although they may move into new fields in response to changing priorities. Depending on their range of giving, they also may be known as *general purpose* or *special purpose* foundations.

Some private foundations are *operating* foundations, which means their primary purpose is to operate research, social welfare, or other programs determined by their governing body. Such foundations may make some external grants, but the number generally is small relative to the funds directed into the foundation's own programs.

In the United States, of the 50 largest private foundations having assets of over \$100 million, four originated in Michigan, including the nation's second largest, the Ford Foundation, now headquartered in New York.

WHAT IS A COMMUNITY FOUNDATION?

Community foundations receive and administer endowment and other funds received from private sources; funds are managed under community control and directed to charitable purposes that focus primarily on local needs. Community foundations are characterized by multiple funding sources, and their expenditures benefit a specified geographic area. Internal Revenue Service regulations (1) require a community foundation's governing body to represent broad community interests and (2) classify the foundations not as private foundations but as *public charities*, the same category into which it places churches, schools and colleges, hospitals, and certain other nonprofit organizations.

Community foundations are growing in importance not only as professional grant-making organizations, but as a flexible means to administer many kinds of charitable funds for local benefit.

WHAT IS A COMPANY-SPONSORED FOUNDATION?

A *company-sponsored* or *corporate* foundation is classified as a private foundation under the tax law and derives its funds from a for-profit company or corporation. It is independently constituted, and its purpose is to make grants—often on a broad basis. Company officials as well as people not affiliated with the company may serve on the board. It is not uncommon for a company-sponsored foundation to assume responsibility for the parent company's giving in locales where offices, production or service facilities, or distribution outlets are located. Such a foundation makes it possible for a company to set aside funds for use in years when company earnings may be lower than normal, which may coincide with a general economic downturn that generates a greater-than-usual need for charitable spending.

Company-sponsored foundations are different from “corporate-giving” programs, which are administered within a corporation and may make grants for limited purposes closely associated with the corporation's interests, although this is not always the case. In some instances, the two types of giving are coordinated by a company under one general policy; in others, there may be a private foundation

that bears a name associated with the corporation but has few if any ties with the original source of its funds.

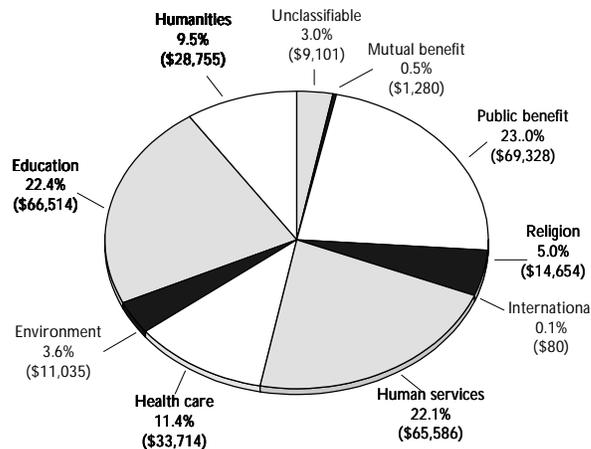
In Michigan there are 27 company-sponsored foundations, each having assets exceeding \$1 million. The largest, in terms of assets, is the General Motors Foundation, incorporated on January 1, 1977.

FOUNDATION GRANTS: WHO BENEFITS IN MICHIGAN?

Foundations are characterized both by flexibility and diversity in their giving. Requests to foundations vastly exceed their funding capability, obliging trustees to define specific programmatic and geographic areas to which funding will be directed. Exhibit 1 presents the findings of a recent study of the giving of 485 Michigan foundations, each of which, during its most recent fiscal year, granted more than \$50,000 to Michigan institutions and agencies. Exhibit 2 presents the giving pattern reflected in 420 grants made to Michigan recipients by out-of-state foundations.

Because these analyses are based on only one year's grants, the figures may not accurately represent the continuing pattern of giving by Michigan and other foundations. Nevertheless, the findings will help potential grantees properly ascertain which foundations are most likely to give favorable consideration to their application.

EXHIBIT 1. In-State Grants Awarded by Selected Michigan Foundations, by Major Category and Percentage of Total (dollars in thousands)



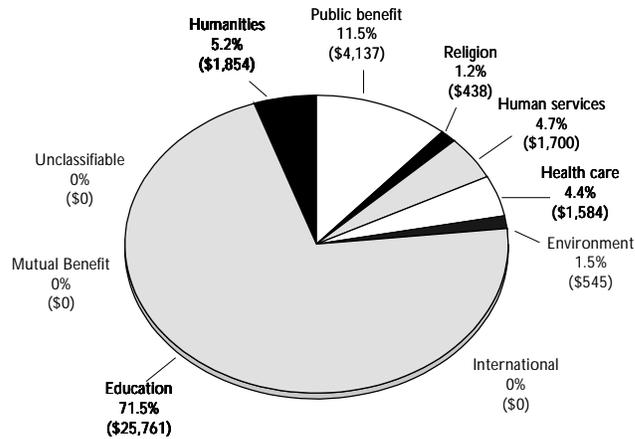
SOURCE: Council of Michigan Foundations, 1996.

Public benefit = Philanthropy, volunteerism, community improvement, public policy research, consumer rights, government, and public administration.

Mutual benefit = Fraternal societies, pension trusts, group and benevolent life-insurance associations.

NOTES: The giving of 485 foundations was analyzed, each of which granted more than \$50,000 in its most recent fiscal year. Figures may not total 100 percent due to rounding.

EXHIBIT 2. Michigan Grants Awarded by Out-of-State Foundations, by Major Category and Percentage of Total (dollars in thousands)



SOURCE: Council of Michigan Foundations, 1996.

Public benefits = Philanthropy, volunteerism, community improvement, public policy research, consumer rights, government, and public administration.

NOTES: Four hundred twenty grants were analyzed. Figures may not total 100 percent due to rounding.

WHERE IS MORE INFORMATION AVAILABLE?

On Establishing a Foundation

The Council of Michigan Foundations (CMF) is an organization founded to improve, increase, and enhance philanthropy in Michigan. For more than 25 years, the CMF has been offering one-on-one, on-site consultation to individuals, families, corporations, and communities interested in establishing foundations and setting up grant programs. The council's publication, *Establishing a Charitable Foundation in Michigan*, explains the laws and regulations pertaining to foundations and presents the advantages of each type of foundation. Contact information for the CMF is as follows:

Council of Michigan Foundations
 P.O. Box 599
 Grand Haven, MI 49417
 (616) 842-7080
 (616) 842-1760 FAX
www.novagate.com/~cmf

On Applying for a Grant

People desiring information about a specific foundation or corporate-giving program may communicate directly with the foundation or corporation or visit a Michigan Foundation Center cooperating library collection. Foundations and corporate-giving programs will be pleased to send an annual report or an informational statement if one is available. Contact information

may be obtained at a library having a Michigan Foundation Center reference collection.

The Michigan Foundation Center Cooperating Collections are an excellent resource for grant seekers. The Foundation Center gathers information on philanthropy nationwide and disseminates it through its publications and through cooperating libraries. The library reference collections are available to the public without charge and offer a wide range of materials, including books and periodicals about foundations and philanthropy as well as foundation annual reports, newsletters, and press clippings. The 13 Michigan libraries listed below have Michigan Foundation Center reference collections.

MICHIGAN FOUNDATION CENTER COOPERATING COLLECTIONS

Alpena County Library Reference Room, 2d Floor 211 North First Avenue Alpena, MI 49707 (517) 356-6188 rmacl@northland.lib.mi.us alpena1@northland.lib.mi.us	Michigan Technological University Reference Desk, Main Floor Library Houghton, MI 49931 (906) 487-2507 or 487-2946 <i>www.twain.com</i>
Farmington Community Library 32737 West Twelve Mile Road Farmington Hills, MI 48334 (810) 553-0300 vaughnsh@metronet.lib.mi.us <i>www.metronet.lib.mi.us</i>	Northwestern Michigan College Mark & Helen Osterlin Library 1701 East Front Street Traverse City, MI 49684 (616) 922-1060 or 922-1016 lib@elmo.nmc.edu
Henry Ford Centennial Library Adult Services, 2d Floor 16301 Michigan Avenue Dearborn, MI 48126 (313) 943-2335	(The) Maud Preston Palenske Memorial Library 500 Market Street St. Joseph, MI 49085 (734) 983-7167 rdnich@atm.net
Grand Rapids Public Library 60 Library Plaza, N.E. Grand Rapids, MI 49503 (616) 456-3600 grmwmmh@lolal.lakeland.lib.mi.us	Sault Ste. Marie Area Public Schools Office of Compensatory Education 460 West Spruce Street Sault Ste. Marie, MI 49783-1874 (906) 635-6618
Michigan State University Libraries Social Science & Humanities Reference Michigan State University East Lansing, MI 48824-1048 (517) 353-8818 or 355-6669 <i>www.lib.msu.edu/publ_ser/sshr/jjh/grants/ grants.htm</i>	University of Michigan—Ann Arbor 209 Hatcher Graduate Library Ann Arbor, MI 48109-1205 (734) 764-3166 or 9373 barbara@umich.edu

APPENDIX G: MICHIGAN FOUNDATIONS

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www.flint.umich.edu/departments/library

Wayne State University
Reference Desk, 1st Floor
Purdy/Kresge Library
Detroit, MI 48202
(313) 577-0401
whulsker@cms.cc.wayne.edu

Willard Library
Funding Resource Center
7 West Van Buren Street
Battle Creek, MI 49017
(616) 968-8166
catherine_lucas@glfn.org