

# Community Foundations in Germany

Facts and Trends 2013

**+++ Community Foundations in Germany have proved successful in the financial crisis – more assets, more donations, more grantmaking:** total endowments increased to 235 million euros. Donors gave more than 10 million euros in flow-through funding in 2012. Community foundations invested 14 million euros in their communities. **+++ Increasingly, donors choose community foundations as partners for their own foundations:** 530 funds and trusts with endowments amounting to 82 million euros have been entrusted to community foundations, twice as many as five years ago. Thus, community foundations help donors to join forces in times of low interest rates and to achieve more together. **+++**

Dear readers,

100 years ago, the lawyer and banker Frederick Goff from Cleveland, Ohio, had a brilliant idea. He invented the community foundation in which many donors – living and dead – pooled their philanthropic assets for the benefit of their community. Competent, local leaders in the committees ensured that the donors' wishes were safeguarded while addressing the most urgent community needs.

Following Goff's example, 348 community foundations ("Bürgerstiftungen") have been founded in Germany since 1996. Only the United States have more community foundations. Aktive Bürgerschaft has supported the dynamic development of community foundations and analyzes it annually in its report "Länderspiegel Bürgerstiftungen. Fakten und Trends" ("Community Foundations. Facts and Trends").

The current facts show that German community foundations increasingly enjoy the trust of individual donors, companies and other institutions. During times of the financial crisis, they increasingly choose community foundations as partners for their own endowed funds or trusts. Community foundations continue to be reliable partners for local non-profit or-

ganizations. Last year, they spent more funds than ever for education, social and cultural affairs or healthcare.

As the term "community foundation" is not legally protected in Germany, community foundations define themselves through "10 Characteristics of a Community Foundation" laid down by the Association of German Foundations. Unfortunately, the success of community foundations increasingly results in the fact that foundations which do not meet the "10 Characteristics" call themselves community foundation. Our online Community Foundation Finder helps donors to find all community foundations who meet the "10 Characteristics", including their addresses and their financial data. With this approach, community foundations are pioneers regarding transparency in the German foundation sector.

We hope you enjoy reading and are looking forward to your feedback or comments.

**Bernadette Hellmann**  
Program Director Community Foundations

**Dr. Stefan Nährlich**  
CEO



## Community Foundations: An Overview

There are 348 community foundations in Germany. More than 38 million people live within the range of a community foundation and can get involved as donors or as volunteers. Most community foundations exist in the state of North Rhine-Westphalia (100) followed by Baden-Wuerttemberg (81) and Lower Saxony (54). The first community foundations were founded in the cities of Gütersloh and Hanover in 1996 and 1997.

**The permanent endowments of the foundations continue to grow to 235 million euros** as of Dec. 31, 2012. Donors entrusted more than 25.6 million euros in endowment contributions to community foundations in 2012, an increase of 12.3 percent.

**Community foundations distributed more than ever for charitable purposes:** In 2012, they invested more than 14 million euros for the local public good. Since 2005, they have distributed almost 72 million euros for education, social and cultural affairs and other charitable purposes.

**Citizens donated more than ever before to community foundations.** In 2012, individuals, companies and other institutions gave 10.2 million euros in flow-through funding to community foundations. Thus far, this is the highest sum that community foundations have ever raised within one year.

**Donors increasingly select community foundations as partners for their own foundations.** They have entrusted 530 endowed funds to the community foundations with overall endowments amounting to 82 million euros as of Dec. 31, 2012, twice as many as five years ago. This means that 36.5 percent of the overall foundation capital of community foundations is in the hands of funds or trusts for which the founders can select its own name or a certain purpose.

**Community foundations support future-oriented issues.** They invest almost half of their funds in education (47 percent) followed by arts and culture (17 percent), and social affairs (15 percent). Many community foundations are not only grantmaking, but also operating projects of their own.

**Approximately 12,000 volunteers are engaged with their time and their ideas:** 8,000 of them serve as volunteers in projects or community foundation offices. Another 4,000 serve on the executive and advisory boards. The board members who work on an honorary basis are highly competent, strongly committed and well connected locally.

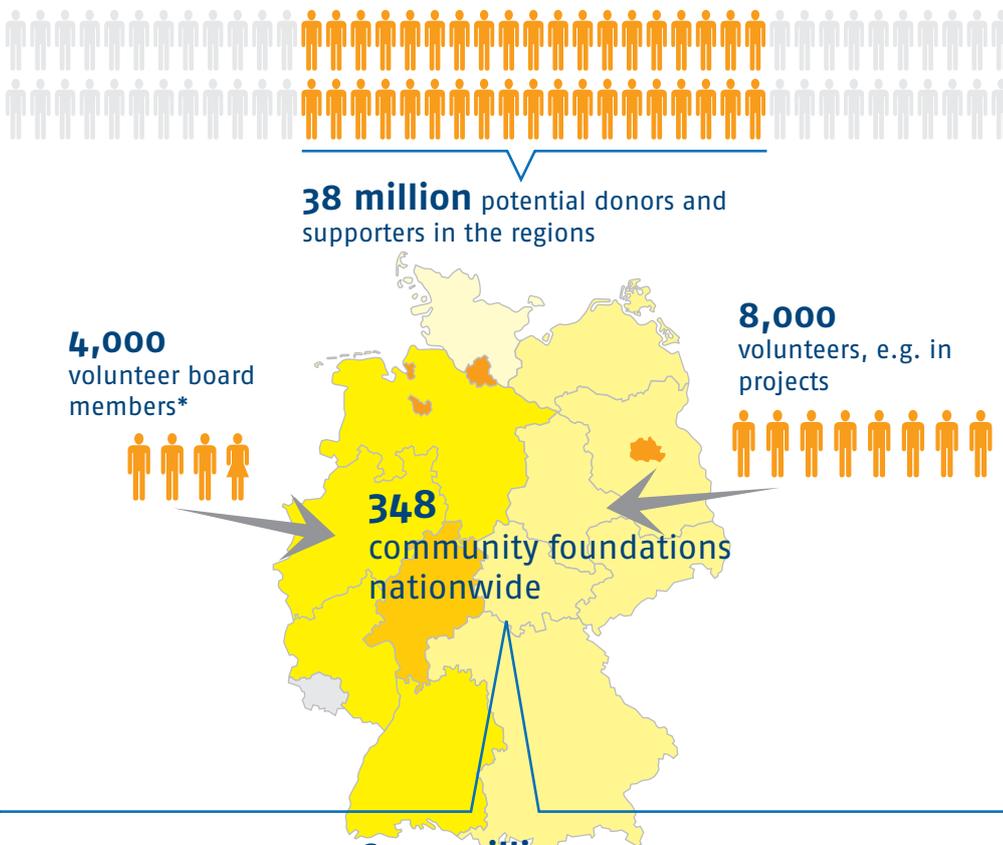
**Individuals and private companies are especially engaged in community foundations.** About 90 percent of the endowed capital comes from individuals and companies.

**Aktive Bürgerschaft's community foundation benchmark helps board members to set goals for the development** of their community foundation and the strategic management. It also helps potential donors and project partners to understand the capacities of individual community foundations.

**There are 348 community foundations in Germany.** They define themselves through the "10 Characteristics of a Community Foundation" laid down by the Association of German Foundations. Other foundations call themselves community foundation, but do not meet the requirements set out in these "10 characteristics". Quite often it is not the citizens who decide on the allocation of funds or the appointments to the governing bodies, but local politicians and local governments. Aktive Bürgerschaft's community foundation finder lists all community foundations that meet the "10 characteristics".

Figure: Community Foundations in Germany: Facts and Trends

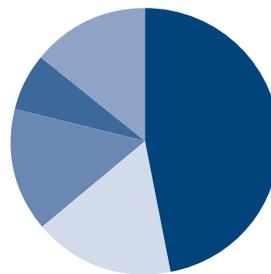
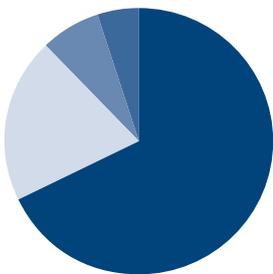
Further analyses and all charts in print quality (in German): [www.aktive-buergerschaft.de/laenderspiegel](http://www.aktive-buergerschaft.de/laenderspiegel)



Source of the Endowment Contributions\*

**€10.2 million** in Donations in 2012

Grant Distribution\*



- Individuals (68 %)
- Corporations (20 %)
- Government (7 %)
- Nonprofits and Others (5 %)

**€14.1 million** Giving by Community Foundations in 2012

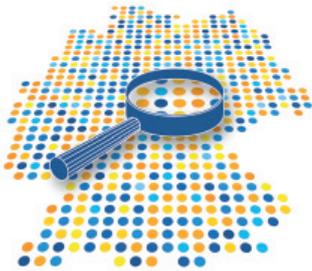
- Education (47 %)
- Arts and Culture (17 %)
- Social Affairs (15 %)
- Health and Sports (7 %)
- Others (14 %)

\* Surveys on the sources of funding in 2008 / board members in 2009 / giving by community foundations in 2010

## Further Information

### **Community Foundation Finder**

The community foundation finder of Aktive Bürgerschaft lists all community foundations that meet the "10 Characteristics of a Community Foundation". It includes contact data, financial data and press articles. Community foundations are the pioneers regarding transparency in Germany's foundation sector. [www.aktive-buergerschaft.de/community\\_foundation\\_finder](http://www.aktive-buergerschaft.de/community_foundation_finder)



### **Methodology**

The "Länderspiegel Bürgerstiftungen 2013" is based on a full survey of all community foundations that correspond to the "10 Characteristics of a Community Foundation" and that were founded as of June 30, 2013. The response rate was 78 percent. The closing date for all financial data was Dec. 31, 2012. Since 2006, this "Länderspiegel" is published once a year.

### **More Analyses, Data, and Charts**

You find further analyses, figures and facts of the "Länderspiegel Bürgerstiftungen 2013" to read and to download on our website.

### **Community Foundation Benchmark 2013**

Which community foundations are the most successful? The Community Foundation Benchmark 2013 analyzed asset growth, income from donations, and grantmaking of community foundations in Germany.

### **100 Years of Community Foundations**

The Cleveland Foundation that Frederick Goff founded in the U.S. 100 years ago will celebrate its centennial in 2014. Goff's vision that people in a community build up a common capital endowment in order to sustainably "promote such charitable purposes as will best make for the mental, moral, and physical improvement of the inhabitants" became a reality. Not only in Cleveland. Community foundations are one of the most innovative foundation forms on a global scale. Today, there are more than 1,680 community foundations in 51 countries. In Germany, they have experienced very dynamic growth since the 1990s.

### **Further information**

[www.aktive-buergerschaft.de/english](http://www.aktive-buergerschaft.de/english)

### **Aktive Bürgerschaft e.V. – About Us**

Aktive Bürgerschaft commits itself to creating a fair and capable civil society. Private engagement for the common good should precede any government action. That is why we want to sustainably strengthen civic engagement and nonprofit organizations in the communities.

Community foundations enable broad sectors of society to become donors. They can strengthen the endowment capital of civil society and promote their communities and local nonprofit organizations in a sustainable way.

Aktive Bürgerschaft supports 348 community foundations throughout Germany when it comes to management activities, projects, development and donor services. We offer advice, information, capacity building, set up networks and give the Aktive Bürgerschaft Award to community foundations.

The non-profit association Aktive Bürgerschaft is the competence center for civic engagement of Germany's cooperative banking group (genossenschaftliche Finanz-Gruppe Volksbanken Raiffeisenbanken). Our activities are based on the cooperative values of self help, self responsibility and self administration.

### **Campaign for Community Foundations**

Since 2002, the cooperative banking group has systematically supported community foundations in Germany. Today, more than four out of five community foundations are profiting from the engagement of their local cooperative bank.

## Background

“Nothing is more powerful than an idea whose time has come,” this quotation from Victor Hugo accurately describes the development of community foundations in Germany. When the first community foundations were established in Gütersloh and Hanover in the mid-1990s, no one expected community foundations to spread more rapidly in Germany than in any other country of the world. Today, the 348 community foundations are indispensable local actors.

Many factors have contributed to the dynamic development of the idea of a “foundation of citizens for citizens”. In Germany, the change of the welfare state must be actively shaped. Regional identities are playing an increasingly important role in times of globalization. Many people want to shape their familiar environment. Wealth is greater than ever and due to demographic change, wealth is being transferred to people who only have a few or no heirs. Also, the state improved the legal and fiscal framework for giving.

Crucial for success is the concept itself: Community foundations are promoting a new philanthropic culture, in which everyone can become a donor. Individuals, companies and institutions are giving their money, time, ideas, their competence and networks for the good of their communities. And last but not least, a community foundation is based on independence, self-organization, and on building up permanent endowments for civil society.

This is especially important in Germany, which has experienced a long tradition of foundations and civic engagement with more than 600,000 associations and 20,000 foundations. But the non-profit sector is primarily being financed with public funds, and quite often the donors also exert influence on the agenda of the grantees.

Unlike other non-profit organizations, community foundations are independent from public subsidies and build up their own capital in civil society. They are primarily backed by private individuals and companies: almost 70 percent of all endowment contributions and 80 percent of all donations come from private individuals. The second largest group of supporters is private companies: Every fifth euro is an endowment contribution from their side (results of a special survey by Aktive Bürgerschaft in 2008).

On the average, a community foundation administered assets amounting to 674,000 euros as of Dec. 31, 2012. It is true that the endowment capital of community foundations is not very high, but the growth rates are favorable. The example of the Community Foundation Hamburg demonstrates that community foundations have the potential to engage donors and to strengthen the capital resources of civil society. Fourteen founders established it in 1999 with a capital of 51,000 euros. It focuses in particular on children and youth in economically disadvantaged Hamburg suburbs. Today, it has a permanent endowment of 30 million euros, numerous donors, and 400 volunteers who are committed to the foundation.

By bringing together people who have funds, time, and ideas, community foundations contribute to a new philanthropic culture in Germany. They have the potential for turning into the top address for civic engagement and for donors who are committed to their communities. In the long run, their permanent endowments will make them independent from economic developments, political majorities, and the alternating willingness of the people to donate money.

### Further information

*Eckhard Priller: Scope, Structure, and Development of Civil Society in Germany. In: Annette Zimmer (Ed.): Civil Societies Compared: Germany and the Netherlands, Baden-Baden 2013, 161-175.*

## Imprint

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# Community Foundations in Germany 2013

## Germany

+11 new community foundations between Jan 01, 2013 to Dec 31, 2013

= **348** community foundations

**46 %** of the population has access to a community foundation

as of 30.06.2013

Figure: Community Foundations: Facts and Trends 2013

