

What is a Corporate Foundation?

- A private foundation whose money is contributed by a for-profit business.
- Also known as a company-sponsored foundation.
- They rarely have any type of endowment.
- Grantmaking is often tied to the company's geographic area of interest or target market.

A corporate foundation is the charitable vehicle of a for-profit corporation, which provides the funding for grants. Basically, Company A makes a tax-deductible contribution to the Company A Foundation, and the foundation makes grants to nonprofits. Unlike private independent foundations, corporate foundations typically don't have an endowment. Instead, they rely on corporate earnings, which can fluctuate significantly year over year.

The corporation usually has a close relationship with the corporate foundation, but the foundation is a separate legal entity. Corporate giving often aligns with a company's mission or aims to give back to the community where the company is based. For example, the Cargill Foundation focuses its giving on improving the lives of low-income children in the Twin Cities, where the company is headquartered.

Corporate foundations are a relatively small share of all foundations, less than 3%, with significant variation in the amount of giving. Some of the largest companies in the world—often in fields such as banking and finance, pharmaceuticals and telecommunications—are among the most prolific givers.

Even so, a corporate foundation is just one way for corporations to make charitable contributions.

In addition to—or instead of—establishing a corporate foundation, a corporation can make charitable gifts directly to nonprofits through a corporate giving program.



Another common way for corporations to give to nonprofits is through corporate sponsorship. For example, a corporation might sponsor opening night of a nonprofit theatre's season. In exchange for a financial or in-kind contribution—e.g., an alcohol company might donate drinks for the reception—the company's logo will appear on the event step-and-repeat and invitations.

Corporate philanthropy is sometimes part of a company's larger corporate social responsibility (CSR) program.

You may also want to check out:

- [What is a private foundation?](#)

