COMMUNITY TRUSTS IN THE UNITED STATES

A Thesis Presented for the
Degree of Master of Arts

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Approved by:

[Signature]
Community Trusts In The United States

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CHAPTER I

INTRODUCTION

Although America is a young country, it is old enough to have accumulated many incidents of charitable endowments which have failed of their purpose. This may be attributed to the folly of a number of well meaning and benevolent persons who often have endowed institutions and created funds for the benefit of certain classes or groups of people, only to have the years make the gifts obsolete.

There are still in existence trusts which were created to assist fugitive slaves. Benjamin Franklin left a fund for the benefit of married artificers under the age of twenty-five, who were numerous and worthy in his day but do not exist now. A St. Louis Trust Company still holds a large sum of money in the Eulanyphany Fund, established in 1851, to assist worthy immigrants in their hazardous journey across the Great American Desert. A Foundation to maintain schools for industrial education became unnecessary when the public schools inaugurated departments for that purpose.

In order to overcome these difficulties and to promote philanthropic work of a highly beneficial character,
the trust companies of many cities have devised, in recent years, the Community Trust, or Community Foundation, plan.

The Rockefeller Foundation, the Russell Sage Foundation, and other large charitable trusts are similar to the Community Trust in many respects; but differ in that they represent the gifts of one or two individuals, often have a self-perpetuating board of trustees and are often worldwide in scope. The Community Trust is a fund of many distinct gifts, has a rotating board of trustees and usually restricts its activities to the local community.

The Community Trust may be defined as a medium through which gifts and bequests for charitable, educational and humanitarian purposes, whether for specific purposes or not, may be left in trust, the principal of which is managed by a trust company, while the income, and under certain conditions the principal is distributed by an impartial, non-partisan, non-sectarian committee, annually chosen, in part by the participating financial institutions and in part by designated public officials.

It is a simple arrangement, but it effects a combination of flexibility, of security, of permanence, and of economy that is unique.

The Community Trust is designed not to take the place of, or to compete with, such agencies as the Community Chest, the Federation of Charities or individual charitable organizations. It does, however, occupy a definite place of its own in the social and economic field,
"as the agency charged with responsibility for the distribution of the permanent charitable funds of the community."\(^1\).

The first Community Trust was established, as the Cleveland Foundation, on January 2, 1914, through a resolution enacted by the Board of Directors of the Cleveland Trust Company. The plan was formulated by Fred H. Goff, President of the Cleveland Trust Company.

Mr. Goff, who had an eventful career as a lawyer, judge and banker, had the opportunity to study and to observe the uses to which wealth was put by many individuals interested in charitable, educational and humanitarian endeavors.

Since the adoption of the first Community Trust the idea has spread gradually throughout the United States. By 1916, two years following the creation of the first Community Trust, 16 others were established. By the close of 1920, 36 such enterprises were in existence; and eleven years later, by January, 1931, 72 trusts were functioning or prepared to function.

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CHAPTER II

INCEPTION OF THE COMMUNITY TRUST MOVEMENT.

It has been said\(^1\) that a power lacking in our governmental administration is a competent body to modify, supervise, and if need be, terminate trusts dedicated to specific charitable purposes, which in the course of years, become obsolete or harmful.

We have only to look at the English Parliament for an example of a body which possesses and often has exercised this power. In earlier times it confiscated land held by monasteries and other religious bodies in mortmain, and more recently acting through a Charity Commission appointed by it, has diverted funds to activities other than those indicated by the founder. With the cooperation of the Attorney General, the Commission often has intervened to eliminate fraud and to correct abuses in management.

Several attempts have been made in the United States to lessen the power of the "dead hand" in dealing with endowments when they become antiquated due to lapse

\(^1\) Fred H. Goff, A pamphlet, "The "Evils of the Dead Hand"."
of time or changed conditions. However, the difficulties in this direction have been increased because of the principle laid down in the Dartmouth College Case.

Dartmouth, which was established in 1764 by the Reverend Eleazor Wheelock, developed from a charity school for the instruction of Indians. It was "endowed by private individuals, who have bestowed their funds for the propagation of the Christian religion among the Indians, and for the promotion of piety and learning generally."¹ A charter was granted to it by George III under the seal of the Province of New Hampshire. The college was undenominational although its trustees were Congregationalists.

When President Wheelock died in 1789 he was succeeded by his son John. However, John adhered to a few unorthodox theories that caused friction between his trustees and himself and finally he was deposed.

His removal from office stirred the state, and the Governor of New Hampshire, who asserted that a college existed for the good of the state, encouraged the legislature to pass "an act to amend the charter and enlarge and improve the corporation of Dartmouth College".² This act increased the number of members comprising the board of trustees, gave to the governor the power to

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2. Ibid., p. 815.
appoint the additional members, and created a board of overseers, with power to control and inspect the most important acts of the trustees.

The trustees of the college refused to accept the amended charter and brought suit. The original court and the New Hampshire Supreme Court upheld the action of the state. However, the United States Supreme Court, with two judges dissenting, held that the legislative act violated the provision of the Federal Constitution that "no state shall pass any law impairing the obligation of contracts." Chief Justice Marshall in rendering a decision said:

"An artificial immortal being capable of receiving and distributing forever, according to the will of the donors, the donations which should be made to it. On this being, the contributions which had been collected were immediately bestowed. These gifts were made, not indeed to make a profit for the donors or their posterity, but for something in their opinion of inestimable value; for something which they deemed a full equivalent for the money for which it was purchased. The consideration for which they stimulated is the perpetual application of the fund to its object, in the mode prescribed by themselves. The corporation is the assignee of their rights, stands in their place and distributes their bounty, as they would themselves had distributed it, had they been immortal.

"According to the theory of the British Constitution their Parliament is omnipotent. To annul corporate rights might give a shock to public opinion, which the government has chosen to avoid; but its power is not questioned. Had Parliament immediately after the emanation of this charter and the execution of these conveyances which followed it, annulled the instrument so the living donors would have witnessed the disappointment of their hopes, the perfidy of the transaction would have been universally acknowledged. This is plainly a contract to which the donors, the trustees, and the crown (whose rights and obligations New Hampshire succeeds) were the original parties. It is a contract made on a valuable consideration ---

1. Ibid., p. 815.
"Almost all eleemosynary corporations, those which are created for the promotion of religion, of charity, or of education, are of the same character. The law of this case is the law of all ______. It requires no very critical examination of the human mind to enable us to determine that one great inducement to these gifts is the conviction felt by the giver that the disposition he makes of them is irrevocable. It is probably that no man ever was, and that no man ever will be, the founder of a college, believing at the time that an act of incorporation constitutes no security for the institution; believing that it is immediately to be deemed a public institution, whose funds are to be governed and employed, not by the will of the donor, but by the will of the legislature. All such gifts are made in the pleasing, perhaps delusive hope that the charity will follow forever in the channel which the givers have marked out for it ______.

"The whole power of governing the college is transferred from trustees appointed according to the will of the donor, expressed in the charter, to the executive of New Hampshire. The will of the state is substituted for the will of the donor in every essential operation of the college ______. This may be for the advantage of this college in particular, and may be for the advantage of literature in general, but it is not according to the will of the donors, and is subversive of that contract on the faith of which their property was given." 1.

What, then is to be done if unforeseen circumstances render the literal execution of the terms of a specific trust impossible?

The only answer to the court lies in the application of the doctrine of cy-pres. That is to say when "absolute compliance with the detailed provisions of a charitable trust has, by changed circumstances, become impossible and were evidence of a charitable intention on

1. Ibid., pp. 815-825.
the part of a testator may be found, the courts will sanction the approximate execution of those portions which can be literally carried out."

The cy-pres doctrine can be readily traced back into the Roman law. It is reported that early in the third century a legacy was left to a city with directions to use its income to preserve the donor's memory by yearly games. Such gifts being illegal, the question arose as to what could be done with the gift. The answer by Modestimus, a celebrated contemporaneous jurist, was as follows:

"Since the testator wishes games to be celebrated which are not permitted, it would be unjust that the amount to which he has destined to that end should go back to the heirs. Therefore let the heirs and magnates of the city be cited, and let an examination be made to ascertain how the trust may be employed so that the memory of the diseased may be preserved in some other and lawful manner."2.

The doctrine of cy-pres was resorted to frequently by the English Courts during the Middle Ages. They based their action upon their anciently inherent jurisdiction over charitable trusts; upon the exercise of the royal prerogative; and later upon the express sanction of the civil law.3.

This chancery jurisdiction has carried over

2. Ibid., pp. 70-71.
3. Ibid., p. 85.
generally into American Jurisprudence. Frequently, it is authorized by statute. A few examples of its application are cited by Carl Zollmann:

"Money left to erect a wing to a home, at a certain place, has, after the home had been removed to another locality been used to erect a wing there.

A donation for a free bed at a public insane asylum has been construed as showing a general intent to benefit insane persons at such hospital.

Shortly after the Civil War, a bequest for the purpose of creating a sentiment against negro slavery was applied to the use of necessitous colored people in Boston and vicinity." 1.

However, the doctrine has limitations upon its operations, as:

"It cannot be invoked, in the absence of a specific enabling statutes unless the court finds in the will or other instrument of gift a general charitable intent as distinguished from a specific purpose that has become antiquated.

It cannot be utilized until the situation to be remedied has reached a stage bordering upon a complete collapse.

An even when it is applicable, the process of applying it is frequently long and difficult and costly." 2.

There are many incidents of decisions which refuse to apply the doctrine to the facts under considera-
tion. Zollmann points out the following cases:

"Land devised to a church for the support of its ministers will not be applied to the support of the ministers of other churches of the same denomination, though

1. Ralph Hayes, Frozen Funds, A talk before the Bar of N.Y.
2. Ibid., p. 83.
a surplus of $70,000 has resulted.

A charity to an existing school district, made before
the education of colored children was legally recog-
nized, may not be used in part for a school district
for colored children carved out of it.

Where a fund is donated to a university of a Baptist
denomination to be maintained at a certain city, and
the university changes its denominational control and
there is no university under Baptist control at such
city, the doctrine has no application.¹

It should not be beyond the power of the human
mind to imagine the amount of money involved in charitable
trusts that have developed into uselessness because of the
"cold" legal restrictions and the weakness of its salvaging
machinery.

Below are set forth two of the many examples
that may be cited to demonstrate how the passing of years
may play havoc with trusts, which, in a legal and actual
sense, are controlled by a "dead hand".

"Stephen Girard, a merchant and a mariner, who
died in 1831, bequeathed $2,000,000 for the founding
of Girard College. He prescribed in detail just how
the building should be built. The results as told by
Dr. C.A. Herrick, President of Girard College, were
that 'the main building had not been completed before
the architect was well aware of the limitations of his
plans —— The reverberation of sound in these rooms
——— renders them wholly unfit for use —— They
are, however, constructed in exact accordance with
the will, and these results were anticipated in the
earliest stage of the work, but as Mr. Girard left
no discretionary power —— we were compelled to take
the letter of the will as our guide, let the results
be what they might.' It was also specified in the will
'that only legitimate, white, male orphans' were eli-
gible for enrollment, that practical navigation must

¹ Carl Zollmann, American Law of Charities, p. 83.
be taught to every orphan; and that 'no ecclesiastic
missionary or minister of any sect whatsoever shall
ever --- be admitted for any purpose as a visitor,
within the premises.'"

In 1931 the endowments exceeded $77,000,000, but the
hands of the trustees and teachers are tied by a will
one hundred years old. And, there is no way in which
the college can be brought into line with modern, pro-
gressive institutions."1.

"Byron Mullany, once Mayor of St. Louis and
a distinguished lawyer, left in 1852 one-third of his
fortune to aid 'poor immigrants and travelers' stranded
in St. Louis while 'on their way bona fide to settle
in the West'. The bequest was in the form of about
sixty parcels of real estate. Some of these enhanced
greatly in value, while others brought in a small
return or even losses. Administration under the terms
of the will proved extremely troublesome. The trust fund
is still in existence, but the described beneficiaries
have vanished."2.

In the light of this long process of trial and
error there was developed in the middle west, some years
back, a method by which trust funds for public or charitable
purposes might most simply and usefully be set up and main-
tained.

The plan evolved was the Community Trust which
was conceived by the late Fred H. Goff. Mr. Goff who was
able to observe the problems from the viewpoint of a lawyer,
judge and banker, developed many convictions.

First, that bequests and gifts for charitable
and other humanitarian purposes were generally so restricted

1. Community Trusts in the United States and Canada., p. 64.
2. Ibid., p. 66.
in character that the swift changes of the year very often made them obsolete and meaningless, or positively harmful. Mr. Goff, agreed with Mr. Kenny, to whom he was indebted for much information, in this particular instance:

"We have no right to suppose that the sociology of our own day has attained a degree of perfection which will enable it to guide founders to unerring schemes of charity. It may be doubted if even our most confident charitable projects will stand the test of time."1

Second, Mr. Goff saw the great need for the safe-guarding of principal sums left for charitable trusts in order that the income might not be jeopardized by inexperienced or incompetent management. In support of this contention, he said:

"There seems to be a general opinion of nearly all who have considered the subject, that whatever the value or utility of endowments at the time of their creation, the watchful eye of some independent authority is always necessary to prevent their mischief and abuse. We are taught by the universal history of endowments that their administration has never corresponded with the original design.

"By a strange but familiar tendency of human nature, the trustee comes to regard his trust as his property, and the beneficiary comes to regard his aims as his right. Ill-timed parsimony creates a nuisance; ill-judged liberality degenerates into a job."2

Third, the fact that many people desiring to make bequests have no definite ideas as to what use their money shall be put leads to complications. He sums up his experience with potential donors in the following statement:

"My experience as a lawyer and trust officer in dealing with prospective founders of charitable

1. Fred H. Goff, Community Trust, from a talk delivered before the A. B. A., at St. Louis.
2. Ibid.
trusts has led me to believe that they seldom have
definite ideas as to the purpose to which they should
dedicate their wealth. They seek the advice of trust
officers and counsel, who, unfortunately, sometimes
are lacking in vision and experience which would enable
them to be most helpful. To plan a trust wisely, at
least one to serve an unalterable purpose for all times,
necessitates the founder seeking out an evil to be cor-
rected and the remedy to be employed——These problems
require time, patient study, a trained mind and political
wisdom and the hurry and bustle of the banking room
and the law office are sometimes ill-adapted to their
solution."

Fourth, he thought that greater constructive
work would be possible through a central agency or organi-
ization, than through a number of independent ones. In sup-
port of this contention he pointed out the superiority of
large over small units in rendering all kinds of service in
time of war, and the advantages in business, transportation
and finance made through centralized effort, as for example
the accomplishments of the Federal Reserve System. He cites
as an illustration the policy of Mr. Rockefeller, who
showed the same genius in charitable matters that he did in
business, in creating a single foundation of $1,000,000,000
rather than a number of smaller ones aggregating the same
amount. He goes on to say:

"The multitude of smaller trusts could have dis-
tributed alms as well, perhaps better, than the large
trust he did create, but it would have been impossible
for them to do the constructive work the Rockefeller
Foundation has done. If we consider the generous con-
tributions made by it to every war activity and the
important aid rendered by it in dealing with tuberco-

1. Ibid.,
losis in France, typhus fever in Siberia and hunger in Poland and Belgium, and contrast it with the service that could have been rendered by a multitude of smaller trusts having in the aggregate the same amount of funds at their disposal, the advantages of large units in charity will seem relatively as great as the advantage of large units in industry, and the advantage would be immeasurably greater if we were to conceive of the multitude of small trusts being created by different individuals, for the most part unhappily lacking the genius of Mr. Rockefeller in planning charitable trusts to endure for all time."

1. Fred W. Goff, Community Trusts.
CHAPTER III

ORGANIZATIONAL FEATURES.

The funds of the Community Trust are not the gifts of a single individual or family. They are instead the union of numerous large, small and medium size gifts left at different times by various donors.

Principal in hands of trustee or trustees.

The funds are placed in the custody of a local financial institution, or institutions, who have adopted a resolution undertaking to accept as trustee gifts for educational or charitable purposes of a public character or for the public welfare, created by any last will, or other instrument, which provides for a trust in accordance with the provisions of that resolution.

Modification of the original plan.

The original Community Trust, established in Cleveland, provided for the placement of the funds in a single financial institution. The reason underlying this principle is believed to have been not of a selfish motive but, as expressed in the words of Newton D. Baker, "the plan had to be kept under the glass cage of the inventor to protect it from ill and unaccustomed winds until it had become a sturdy thing." 

1. Newton D. Baker, An address delivered at a dinner given by the Board of Directors of the Cleveland Trust Co. Jan., 6, 1931.
<table>
<thead>
<tr>
<th>Name Of Trust</th>
<th>Date Created</th>
<th>Multiple or Single Trustee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akron Foundation</td>
<td>1925</td>
<td>M</td>
</tr>
<tr>
<td>Atlanta Foundation</td>
<td>1921</td>
<td>S</td>
</tr>
<tr>
<td>Baltimore Foundation</td>
<td>1920</td>
<td>M</td>
</tr>
<tr>
<td>Boston Permanent Charity Fund</td>
<td>1915</td>
<td>S</td>
</tr>
<tr>
<td>Buffalo Foundation</td>
<td>1920</td>
<td>M</td>
</tr>
<tr>
<td>Chicago Community Trust</td>
<td>1915</td>
<td>M</td>
</tr>
<tr>
<td>Cleveland Foundation</td>
<td>1914</td>
<td>M</td>
</tr>
<tr>
<td>Dayton Foundation</td>
<td>1921</td>
<td>M</td>
</tr>
<tr>
<td>Detroit Community Trust</td>
<td>1915</td>
<td>M</td>
</tr>
<tr>
<td>Denver Foundation</td>
<td>1925</td>
<td>M</td>
</tr>
<tr>
<td>Grand Rapids Foundation</td>
<td>1922</td>
<td>M</td>
</tr>
<tr>
<td>Hartford Foundation</td>
<td>1925</td>
<td>M</td>
</tr>
<tr>
<td>Indianapolis Foundation</td>
<td>1916</td>
<td>M</td>
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<tr>
<td>Milwaukee Foundation</td>
<td>1915</td>
<td>S</td>
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<tr>
<td>New Haven Foundation</td>
<td>1927</td>
<td>M</td>
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<tr>
<td>New York Community Trust</td>
<td>1920</td>
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<tr>
<td>Philadelphia Foundation</td>
<td>1918</td>
<td>S</td>
</tr>
<tr>
<td>Reading Foundation</td>
<td>1928</td>
<td>M</td>
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<tr>
<td>St. Louis Community Trust</td>
<td>1915</td>
<td>S</td>
</tr>
<tr>
<td>Toledo Community Foundation</td>
<td>1921</td>
<td>S</td>
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<tr>
<td>Youngstown Foundation</td>
<td>1918</td>
<td>S</td>
</tr>
</tbody>
</table>

1. Data obtained from official, descriptive pamphlets from respective cities.
### TABLE II

**SCOPE OF TWENTY-TWO COMMUNITY TRUSTS**

*As Specified In Their Declarations*

<table>
<thead>
<tr>
<th>City Or Town</th>
<th>City And County</th>
<th>City And State</th>
<th>Any Part Of World But Primarily For City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston Permanent Charity Fund</td>
<td>Akron Foundation</td>
<td>Baltimore Community Foundation</td>
<td>Buffalo Foundation</td>
</tr>
<tr>
<td>Detroit Community Trust</td>
<td>Chicago Community Trust</td>
<td>Cleveland Foundation</td>
<td>Dayton Foundation</td>
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<td>Minneapolis Foundation</td>
<td>Philadelphia Foundation</td>
<td>Hartford Foundation</td>
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<td>New Haven Foundation</td>
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<td>Milwaukee Foundation</td>
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<td>New York Community Trust</td>
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<td>St. Louis Community Trust</td>
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<td>Toledo Foundation</td>
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<td>Washington Foundation</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Youngstown Foundation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Data obtained from official, descriptive pamphlets from respective cities.
A recent innovation is the plan of having several, or all, of the trust companies in the community adopt a resolution agreeing to serve as custodians of funds, as it is believed that "if the foundation is to be a real community trust, and realize its full potentialities, the concerted action of all the trust institutions in the city is essential."

The multiple trustee idea originated in Indianapolis in 1916, when a Community Trust was established in that city. Mr. Evans Wollen, president of the Fletcher Saving and Trust Company adopted the Cleveland plan with the exception of the single trustee feature.

Only 7 of the 21 trusts indicated in Table I have the single trustee. 5 of these 7 were organized previous to 1920. Only 1 of the 6 largest trusts, in volume of funds being administered, save Boston, still adheres to the plan of having a single trustee.

Scope of the Community Trust.

Table II shows 22 Community Trusts classified according to the scope of their activities. Of these trusts, 9 were created to promote the welfare of the city or town in which they are located; 4 include the county; 3, the city and state; and 6 include any part of the world, but primarily for the city.

The New York Community Trust specified that the

income should be appropriated "for such public, educational, charitable or benevolent uses and purposes as will, in the absolute and uncontrolled discretion of the Committee, most effectively assist, encourage and promote the well being of mankind and primarily of the community comprising the city of New York." ¹

In 1931, the Cleveland Foundation, originally created for charitable purposes within the City of Cleveland and vicinity, enlarged its range of activity to include the entire State of Ohio.

The donor may specify a purpose.

In providing for a charitable trust, through the Community Trust, the donor may indicate a purpose or he may dedicate the income, or principal, to the general purpose of the fund. In specifying a purpose he has two alternatives:

1. As to the time when and the purpose for which the principal shall be distributed.

2. As to the purpose for which the income shall be distributed or used for a definite or indefinite period.

When special desires of donor is to be respected.

If the donor designates the beneficiaries he may be assured that if the time comes when the further carrying out of his particular wishes is clearly un-
necessary, unwise or impossible, the Distribution Committee may select other uses of a charitable or educational nature which are pertinent and appropriate to the time and generation. The resolution of the Cleveland Foundation is very clear in this respect:

"If and whenever it shall appear to the Distribution Committee that circumstances have so changed since the execution of the instrument containing any gift, devise or bequest as to render unnecessary, undesirable, impracticable or impossible a full and direct compliance with the terms of such instrument, or that circumstances have so changed as to render said expressed desire no longer wise or beneficial said committee, by resolution by affirmative vote of four-fifths of all members, may at any time, or from time to time, direct the application of such gift to such other public charitable or educational purposes as, in their judgment, will most effectually accomplish the general purpose. This act will not be effective unless and until sanctioned or approved by two-thirds vote of the directors present at a duly held meeting of the Board of Directors of the Trustee institution which the said gift, grant, devise or bequest may have committed."¹

² Appropriation of entire net income.

A Distribution Committee is appointed, which in each calendar year, appropriates the entire net income, and under certain conditions the principal, certified by the Trustees as available for distribution. The appropriations are to be made for "public educational, charitable or benevolent uses as will, in the discretion of the Committee, most effectively assist, encourage and promote the well being of the inhabitants —— , regardless of race, color or creed."²

¹ Resolution and Declaration of Trust creating the Cleveland Foundation, p. 1.

² Declaration of Trust creating the New York Community Trust.
Illustrative Purposes.

The twenty-one trusts listed in the various tables have adopted illustrative purposes for which the funds should be appropriated. They are as follow:

1. For assisting public charitable or educational institutions.

2. For promoting scientific research for the advancement of human knowledge.

3. For the care of the sick, aged or helpless.

4. For the care of needy men, women and children.

5. For aiding in the reformation of (a) victims of narcotics, drugs and intoxicating liquors, (b) released inmates of penal and reformatory institutions, and (c) wayward or delinquent persons.

6. For the improvement of living and working conditions.

7. For providing facilities for public recreation.

8. For the encouragement of social and domestic hygiene.

9. For the encouragement of sanitation and measures for the prevention of disease.

10. For research into the causes of ignorance, poverty, crime and vice, preventing the operation of such causes, and remedying or ameliorating the conditions resulting therefrom.

Appropriation of principal.

Usually, the Distribution Committee has power to appropriate, in each calendar year, not to exceed 2% of the principal, unless otherwise provided by the donor.

However, in some instances the restriction is very rigid. The Declaration of Trust creating the Cleveland Foundation provides that the principal may be appropriated

1. Declaration of Trust creating the Cleveland Foundation, p. 6.
for distribution only upon the "approval of two-thirds of the members comprising the Board of Directors of the Trustee institution acting as Trustee for a special trust fund" as well as the "approval of a majority of the members of the Distribution Committee". It further specified "that not to exceed twenty per cent of the entire amount held as principal shall be disbursed during any one period of five consecutive years."

The Distribution Committee.

To insure the desired flexibility in the set-up of the Community Trust, the method of appointing the Distribution Committee, which is charged with power to appropriate the funds has been planned carefully.

The members of this committee are selected "for their knowledge of the educational, charitable or benevolent needs of the inhabitants of the community."¹

Preferably but one, and in no event may two members of the committee belong to the same religious sect or denomination. Likewise, those holding or seeking public office are disqualified from serving on the committee.

Committee—How Appointed.

Table III discloses how the members of the Distribution Committees of 21 Community Trusts are appointed.

Committees for the trusts indicated, range in size from 5 to 11 members; 2 of the 21 trusts listed have

¹ Declaration of Trust creating the New York Foundation.
| CITY          | Probate Court | U.S. Dist. Ct. | Circuit Court | Supreme Court | Attorney Gen. | Pres. of Clergy House | Mayor of City Manager | Trustee Bank or Trust Co. | Pres. of Local University | Pres. of County Med. Assn. | Pres. of City Bar Assn. | Pres. of Sci. & Arts Assn. | Pres. of Chamber of Commerce | Pres. of Board of Trade | Total Number on Committee |
|--------------|---------------|----------------|---------------|---------------|--------------|-------------------|---------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
| New York     | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 11                       |
| Philadelphia | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 5                        |
| Reading      | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 7                        |
| St. Louis    | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 5                        |
| Toledo       | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 5                        |
| Youngstown   | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 5                        |
| Washington   | 1             | 1              |               |               | 1            | 2                | 1                   |                             |                             |                             |                             |                             |                             |                             |                         | 5                        |
5 members; 1 has 6 members; 6 have 7 members; 1 has 8 members; only 1 — the New York Community Trust — has 11 members.

In most cases, the trusts adhere to the original Goff plan of appointment; 2 members by the participating financial institutions; 1 member by the Probate Judge; 1 by the United States District Attorney, and 1 member by the Chief Executive Officer of the City.

In other instances appointments are made by the Governor or the State, President of the Clearing House, President of the Chamber of Commerce, the Attorney General, President of the Academy of Medicine, President of the Medical Association.

Only 2 of the Community Trusts indicated have a representative appointed by organizations actively engaged in social work.

Term of Office.

Appointments are made for a term of five years. The personnel of the committee changes by one new member each year. Thus, the danger of a self-perpetuating Distribution Committee is eliminated.

Committee to serve without compensation.

The expenses of the Committee, including compensation to be fixed by the Trustees Committee to a Secretary, or Director, are paid out of the income, but the members of the Committee must serve without compensation.

Organization.

The Distribution Committee has power to adopt
regulations and by-laws not inconsistent with the Declaration of Trust that created the Community Trust.

**Rule of Action.**

It was the opinion of the creator of the Community Trust, Mr. F. H. Goff, that the various trusts should "as a rule of action, as far as possible, carry on its activities through existing agencies or through specially appointed temporary committees or agents and shall avoid bureaucracy, complicated machinery and consequent expense."¹

**Title and powers of Trustees.**

The Trustee of each trust is vested with the legal title to the property and is entitled to exercise all rights of absolute ownership. However, all properties must be devoted exclusively to the public charitable and educational purposes designated in the Declaration of Trust. The Trustees have power:

(A) To invest and reinvest any and all moneys received in securities;

(B) To retain any and all property, real or personal; or, if it shall deem it advisable, from time to time to sell or exchange any or all such property;

(C) To sell, lease (for such periods, irrespective of the time for distribution of principal, as it shall deem for the best interest of the fund), convey, transfer, exchange, deliver and dispose of all or any part of the property;

(D) To execute and deliver any proxies, powers of attor-

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¹ Fred H. Goff, *Community Trusts — an address delivered before the A. B. A., at St. Louis.*
ney or agreements that it may deem necessary or proper;

(E) To consent to the extension, refunding or renewal of any such securities, and to the extension or renewal of any mortgages or lien securing the same;

(F) To vote upon all stocks held by it, to unite with other owners, and to promote plans for the protection of the interest of the fund;

(G) To set aside, or in its discretion, refrain from setting aside any part of the income received by it from securities taken or purchased as part of the trust estate at a premium, as a sinking fund to retire or amortize such premium; and the Trustee shall have the right and power, in its uncontrolled discretion, to determine, in all trusts hereto, what shall be treated as income and what shall be treated as principal as to each respective transaction therein and to charge or apportion any losses or expenses to principal or income as it shall deem best;

(H) To compromise, compound and adjust claims in favor of or against the property held by it, upon such terms and conditions as to it may seem just, expedient and proper. ¹

Limitations and Restrictions on powers.

(1) The Trustee, ______, shall in no case be permitted to purchase securities or property from itself;

(2) All securities and property ______ shall be devoted to the public educational, charitable and benevolent purposes of the trust.²

Employment of Agents.

The trustee may employ attorneys, agents or servants to execute appropriate business. Reasonable compensation may be retained for their services and expenses.

¹ From the Declaration of Trust creating the Cleveland Foundation.
² From the Declaration of Trust creating the Cleveland Foundation.
Expenses or fees.

The Trustee may retain as compensation for its services as trustee the compensation "which may be from time to time allowed under the laws of the State ——, and in addition thereto its reasonable expense."¹.

The compensation charged for managing funds is governed by the laws of the state. Usually one fee is permitted on the principal and another fee is allowed on the yearly income.

The fees assessed in the State of New York, by the trust companies, for managing funds for the New York Community Trust include 5% on the first $2,000, 2½% on the next $20,000, 1½% on the next $28,000 and 2% on all over $50,000; one half of this payable on undertaking the trust, or at the time of the first accounting and the balance at the termination of the trust. In addition to this there is an annual fee at the same rate allowed on the yearly income, payable yearly.².

Trustees Committee.

The Presidents, or alternates, of the trust companies participating in the activities of the Community Trust comprise a committee which is known as the Trustees' Committee. This committee is organized to promote unity of purpose and concert of action.

¹. The Declaration of Trust creating the Buffalo Foundation.
². The Declaration of Trust creating the Buffalo Foundation.
The Trustees' Committee has such powers as are deemed necessary to "effectuate the foregoing objects including power (1) to select the ___ members of the Distribution Committee to be appointed by the Trustees, (2) from time to time to permit other trust companies, or financial institutions, authorized by law to accept and execute trusts, to join the Community Trust."

Voting power of members of Trustees' Committee.

Each member of the Trustees' Committee is entitled to one vote. However, Buffalo and New York grants one additional vote for each additional $10,000 of principal held by the Trustee represented by such member, the income from which is available for the Community Trust.

Annual Audit of Accounts—Auditor's Report to be Published.

The receipts and disbursements of the Distribution Committee must be audited annually by an independent Auditor. The report is published in at least two of the newspapers reputed to have the largest circulation in the city.

The statement of the Auditor must show in detail the investments constituting the Trust, the amount of income received during the preceding year, the purpose for which the income has been used, and a classified statement of the expenses of the Committee and Trustees.

Right of inspection and restraint.

All of the Declaration of Trusts creating the

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Community Trusts specify that either the Attorney of the State, or the chief law officer of the city in which the Fund is located, may "at all reasonable times during business hours, have the right to inspect the books, vouchers, and records of the several Trustees and of the Distribution Committee in any wise appertaining to said funds or the management thereof ------, and shall have the right to institute proper proceedings in any court of competent jurisdiction to restrain, correct or recover for any maladministration of the trust estate by any Trustee or by the Distribution Committee."\[1\]

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1. The Declaration of Trust creating the Cleveland Foundation, p. 18.
CHAPTER IV

THE ACTIVITIES OF THE COMMUNITY TRUST

Since the creation of the first Community Trust at Cleveland, in 1914, the spread of the movement to other cities, as concluded from Table IV, may be characterized as gradual.

The period of greatest development appears to be in the first three years of organization and incubation when 17, or 22.2% of the 72 Community Trusts in existence at present were established. From 1917, an average of four cities a year have adopted the Goff plan for handling charitable trusts.

The volume of resources administered by the Community Trust amounts to $30,939,021. It is interesting to note that only 39, or 54.1% of the 72 Trusts organized to function have funds to be administered. 22 of these 39 Community Trusts have funds of $75,000 or over, as shown in Table V, thus controlling $30,563,209 or 93.7% of the aggregate.

The "big seven" among the Community Trusts, in volume of funds being administered, possess $26,433,773 or 85.4% of the total amount held by all the Community Trusts. These include Community Trusts located in New York, Chicago,
<table>
<thead>
<tr>
<th>Year</th>
<th>Number Organized</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914</td>
<td>2</td>
</tr>
<tr>
<td>1915</td>
<td>11</td>
</tr>
<tr>
<td>1916</td>
<td>4</td>
</tr>
<tr>
<td>1917</td>
<td>0</td>
</tr>
<tr>
<td>1918</td>
<td>5</td>
</tr>
<tr>
<td>1919</td>
<td>8</td>
</tr>
<tr>
<td>1920</td>
<td>7</td>
</tr>
<tr>
<td>1921</td>
<td>4</td>
</tr>
<tr>
<td>1922</td>
<td>1</td>
</tr>
<tr>
<td>1923</td>
<td>4</td>
</tr>
<tr>
<td>1924</td>
<td>2</td>
</tr>
<tr>
<td>1925</td>
<td>6</td>
</tr>
<tr>
<td>1926</td>
<td>3</td>
</tr>
<tr>
<td>1927</td>
<td>2</td>
</tr>
<tr>
<td>1928</td>
<td>4</td>
</tr>
<tr>
<td>1929</td>
<td>2</td>
</tr>
<tr>
<td>1930</td>
<td>5</td>
</tr>
<tr>
<td>1931</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
</tr>
</tbody>
</table>
TABLE V

Principal Funds Held by Twenty-three Community Trusts
Administering $75,000 or Over.

<table>
<thead>
<tr>
<th>Name of Trust</th>
<th>Principal Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York Community Trust</td>
<td>$8,672,382</td>
</tr>
<tr>
<td>Chicago Community Trust</td>
<td>5,099,000</td>
</tr>
<tr>
<td>Boston Permanent Charity Fund</td>
<td>4,841,884</td>
</tr>
<tr>
<td>Cleveland Foundation</td>
<td>2,973,863</td>
</tr>
<tr>
<td>Buffalo Foundation</td>
<td>1,977,950</td>
</tr>
<tr>
<td>Indianapolis Foundation</td>
<td>1,868,694</td>
</tr>
<tr>
<td>Denver Foundation</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Milwaukee Foundation</td>
<td>725,000</td>
</tr>
<tr>
<td>Youngstown Foundation</td>
<td>676,005</td>
</tr>
<tr>
<td>Philadelphia Foundation</td>
<td>622,060</td>
</tr>
<tr>
<td>* Winston-Salem Foundation</td>
<td>365,487</td>
</tr>
<tr>
<td>* California Community Foundation</td>
<td>312,353</td>
</tr>
<tr>
<td>Dayton Foundation</td>
<td>288,950</td>
</tr>
<tr>
<td>Detroit Community Trust</td>
<td>229,281</td>
</tr>
<tr>
<td>* Cambridge Foundation</td>
<td>225,000</td>
</tr>
<tr>
<td>Williamsport Foundation</td>
<td>150,000</td>
</tr>
<tr>
<td>Grand Rapids Foundation</td>
<td>100,000</td>
</tr>
<tr>
<td>New Haven Foundation</td>
<td>100,000</td>
</tr>
<tr>
<td>Tulsa Permanent Charity Fund</td>
<td>100,000</td>
</tr>
<tr>
<td>Richmond Foundation</td>
<td>80,300</td>
</tr>
<tr>
<td>Toledo Foundation</td>
<td>80,000</td>
</tr>
<tr>
<td>Fort Wayne Foundation</td>
<td>75,000</td>
</tr>
</tbody>
</table>

Total .................................. 30,563,209

* Figure obtained through the Trust Company Division, American Bankers Association.
Boston, Cleveland, Buffalo, Indianapolis and Denver.

The Community Trusts contributing to the distribution in 1930 numbered 28,\(^1\) or 37.5\% of the total number that have been established. The total amount disbursed amounted to $897,546. Of this amount, 16 or 22.2\% of the 72 distributed $4,500 or over, as shown in Table VI, for a total of $877,595.

The "big five" in volume of funds distributed, Boston, New York, Indianapolis, Chicago and Cleveland, gave away $744,446, or 44.8\% of the aggregate income.

Activities of the Community Trusts

In an attempt to present some idea of the ways in which the income of Community Trusts is distributed and their activities, four of the leading Foundations have been selected - Cleveland, Chicago, Boston and Indianapolis - with a summary of their achievements, and their appropriation for the past three years.

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\(^1\) Community Trusts and Foundations at the End of 1930 - A Release by Ralph Hayes, New York Community Trust.
The Cleveland Foundation

Shortly after its establishment seventeen years ago the Cleveland Foundation adopted a policy of comprehensive surveys of the life and social conditions of Cleveland. This policy commended itself to those directing the Foundation because it offered a means of performing a useful service to the community in the years before large sums were available and also of compiling and preserving information which the Foundation itself would need in years to come.

The elements of the survey policy of the Cleveland Foundation are:

1. The study of one important social interest at a time.

2. The making of such a study through experts and within human limitations, impartial.

3. The building through these monumental surveys, supplemented from time to time by re-surveys, of a great body of information to guide future distribution of funds by the Foundation.

4. The use of these surveys as a means by which the community might know itself better, this to be achieved by carefully devised publicity and education.

The Foundation has considered each proposed survey in relation to the actual necessity for study in the

1. A Review of the Surveys of the Cleveland Foundation, p. 3.
given field, the relation of the subject to the ultimate charitable aim of the Foundation, the public interest in the subject and the all important question of whether another agency in Cleveland can do it better. It service has been "primarily to illuminate and analyze rather than to carry on propaganda for a given reform." 1

In line with this policy, it has conducted four major surveys and a number of less important studies. The Education Survey.

The Education Survey was the first task of the Foundation. It included a study of the public schools of the city, and a number of occupations closely related to the interest of the children of Cleveland. It was begun in April, 1915, and completed in June, 1916.

The survey was made by a staff of specialists under the direction of Dr. Leonard P. Ayres, at that time Director of Education for the Russell Sage Foundation.

The officials, conducting the survey, made a painstaking effort to carry the interest of the community along with the progress of the study through presenting its findings to the public in an effective manner.

For many months the papers gave educational news a leading place which stimulated public discussion more than ever before. The results also were presented in a series

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1. Ibid., p. 4.
of public meetings, published in attractive, cheap and easily read volumes and carried to hundreds of audiences in all parts of the city.

Some indication of the widespread interest and success of the survey is conveyed in the fact that there have been sold over 90,000 of the individual volumes of the survey. These have gone to all parts of the United States and in considerable number to other parts of the world. In addition, $29,000,000 in school bond issues, authorized by the survey committee, were approved by the voters.

The Recreation Survey

For this survey the committee departed from the policy of selecting an outside director. Mr. Allen Burns, permanent Director of the Foundation, was designated as director of the recreation survey. Mr. Burns associated with himself, Mr. Rowland Haynes, of the American Recreation Association, as directing consultant.

The survey comprised two parts, a study of recreation influences, tendencies and needs, and a study of the recreation agencies of the city.

In the field of recreation the Committee found that the spare time activities of Clevelanders were served by a vast conglomerate of agencies, public, private and commercial. The survey found no single authority responsible for more than a small part of recreational service. It found neglect of some recreational needs and overlapping
of others. It found, above all, the lack of an agency which could sell to the people of the city wholesome spare time activities.

The survey, therefore, said that there should be formed a promotion body, closely affiliated with public agencies and the Welfare Federation, to see that a program of better recreation should be adopted.

The formation of the Cleveland Recreation Council constituted the fulfillment of the recommendation.

The Council was formed in January, 1920, through the combined efforts of the Foundation and the Welfare Federation. It is made up of a large group of representative agencies interested in recreation with an executive committee selected from the various interests of the city. An administrative staff was formed, headed by Mr. Rowland Haynes, who had made the survey. Under Mr. Haynes it was organized to function in a three-fold manner; first, the development of cooperation among the agencies through conferences and joint meetings of various sorts; second, the promotion of recreation in general through publicity; and third, the employment of expert service to assist and cooperate with general recreational activities.1.

The Criminal Justice Survey

In 1920 conditions in the municipal court of Cleveland had become so deplorable - the Chief Justice

1. Ibid., p. 15.
having been brought to trial for murder — that the Mayor of
the city asked the Foundation to conduct an investigation
of vice and crime. Other individuals and civic bodies
similarly requested the survey.

The survey was directed by Dean Roscoe Pound
and Professor Felix Frankfurter of the Harvard University
Law School. They were assisted by a staff of experts including
Raymond B. Woodick.

After the survey was completed the Foundation
assisted, in conjunction with the Bar Association, in the
formation of the Association of Criminal Justice, and then
officially withdrew from it. The Foundation felt that its
effort was completed when through the publication of its
survey, public interest was roused to a point which made
possible a major effort for a more efficient administration
of criminal justice. The Work of the Association for
Criminal Justice involved:

1. Establishment of a card index system.
   A complete record of every felony committed in
   Cleveland.

2. Observation.
   The Association keeps two men in constant atten-
   tion at the courts, one at the municipal or po-
   lice courts, and one at the common police court.

3. Investigation
   Has made several studies of procedure and methods
   in the clerks' offices which have resulted in
   more business-like and efficient methods.

Elements of Improvement.

1. Real public support of the bench.
2. Better prosecution.
3. A new probation department.
4. Progress towards securing new quarters for criminal
courts and jails.
5. Speedier and more certain justice.

Three of the major felonies, burglary, larceny and robbery have decreased. This decrease may be explained by a number of factors, but the fact that Buffalo and Detroit, cities similar to Cleveland in industrial conditions have shown no such decrease in crime is indicative that Cleveland has really and seriously set to work to combat crime.1

Survey of Relief Agencies.

The survey of relief agencies was made by Mr. Sherman Kingsley, Miss Amelia Sears and Mr. Allen T. Burns. It included the following relief agencies:

1. The Outdoor Relief Bureau of the city.
2. The Associated Charities.
3. The Hebrew Relief Association.
4. The Salvation Army.
5. The Mothers Pension Division of the Juvenile Court.
6. The School Pensions under the Truancy Department of the Board of Education.

In addition to the general recommendation that the city assume a larger proportion of the relief work, the survey pointed out that two principles ought to be followed in relief work as it then stood. They were:

1. Adequate acquaintance with people's needs and resources, and knowledge and use of the city's social service agencies.

2. One relief giving agency to one family, not a procession of repeating relief agencies in the homes of the poor.2

The first principle, that of adequate acquaintance has, in the opinion of the Foundation, been achieved in the Associated charities, but in the Outdoor Relief Department acquaintance is less, rather than more than it

1. Ibid., p. 29-31.
2. Ibid., p. 34.
was in 1914. The second, that of one relief giving agency to a family, is gradually being worked out through the establishment of the Clearing House, as suggested in the report.

**Study of the Immigrant.**

The population of foreign-born and non-English speaking persons in Cleveland is high relatively. It is for this reason that the Foundation employed Mr. Joseph Remenyi to make a case investigation among hundreds of foreigners. The object of the inquiry was to learn the opinions the foreigners held for their new world and the cause for discontent which was believed to have prevailed among certain classes of immigrants.

From more than 400 carefully tabulated cases, about 60 were found to be orthodox radicals; some 60 were of radical sympathies; and a substantial proportion of the remainder showed various degrees of discontent, loneliness and maladjustment.

**Other Surveys**

The Cleveland Foundation has sponsored additional surveys of minor interest involving a study of teachers' training; a study of higher education in Cleveland; and a survey of adult education.

**Activities not confined to Surveys**

The Cleveland Foundation does more than survey. When inadequacy of city and school funds, in 1919, threatened the maintenance of the playgrounds, the Foundation contri-
buted $17,000 to keep the recreation plants of the city in operation.

The Foundation assumes the financial and administrative responsibility for the publication of the Cleveland Year Book, which is an "annual and permanent audit of the city's accomplishments" containing "sketches of the principal activities in the artistic, civic, economic and religious realms."¹

A camp was supported by the Foundation under the auspices of the School of Applied Social Sciences of Western Reserve University. Its purpose was to afford constructive training for problem boys and youngsters who were incorrigible or who had drifted in that direction.

The Director and the facilities of the office have been contributed, in many instances, to important civic undertakings. In most cases the Director serves as Secretary of the project, frequently giving a considerable amount of his time.

Additional activities of the Foundation include appropriations to the Graduate School of Western Reserve University; the granting of scholarships; and in general supplementing the activities of welfare agencies in the city of Cleveland.

**Appropriations of Funds**

In Table VII is presented the appropriations

made by the Distribution Committee, of the Cleveland Founda-
tion, for 1928, 1929 and 1930. The most important activity,
as revealed from the figures, is education which received
63.2% of the total amount appropriated for the three year
period. One might conclude that administrative expenses are
out of proportion to the general appropriations. The reason
for this is the fact that the office of the Foundation serves
as headquarters for numerous temporary committees which are
appointed to carry out specified projects.

The fact that only 3% was appropriated for sur-
veys and research is indicative that the Foundation is not
as prominent in this field as in the years past.
### TABLE VII

Type of Service, Amount of Appropriation and Per Cent of Appropriation

Made by the Cleveland Foundation, 1928, 1929 and 1930.

<table>
<thead>
<tr>
<th>Type of Agency</th>
<th>1928</th>
<th>1929</th>
<th>1930</th>
<th>Total</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care of Children</td>
<td>$6,398.37</td>
<td>$6,943.85</td>
<td>$7,304.17</td>
<td>$20,646.39</td>
<td>11.2</td>
</tr>
<tr>
<td>Character Building</td>
<td>1,525.00</td>
<td>2,500.00</td>
<td>4,025.00</td>
<td>145,713.78</td>
<td>2.2</td>
</tr>
<tr>
<td>Education</td>
<td>30,692.36</td>
<td>54,386.59</td>
<td>60,634.81</td>
<td>145,713.78</td>
<td>63.2</td>
</tr>
<tr>
<td>Hospitals and Health</td>
<td>5,800.00</td>
<td>5,800.00</td>
<td>8,539.98</td>
<td>8,539.98</td>
<td>3.0</td>
</tr>
<tr>
<td>Surveys and Research</td>
<td>2,750.00</td>
<td>5,739.98</td>
<td>8,539.98</td>
<td>8,539.98</td>
<td>2.5</td>
</tr>
<tr>
<td>Administrative</td>
<td>13,465.40</td>
<td>14,106.98</td>
<td>14,783.00</td>
<td>42,353.38</td>
<td>17.0</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,875.00</td>
<td></td>
<td></td>
<td>2,875.00</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$50,556.15</td>
<td>79,712.42</td>
<td>99,686.96</td>
<td>$229,955.53</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The Chicago Community Trust

Chronologically, the Chicago Community Trust belongs to the pioneer class, having been organized in May, 1915, by Mr. Albert W. Harris, president of the Harris Trust and Saving Bank. The general plan of organization followed is that of the Cleveland Foundation. According to the original plan in Chicago, the principal of the fund was to be in charge of the Harris Saving Bank as sole trustee.

It is now agreed, however, that a donor may select any trust company in Chicago to hold and vest his funds, the part available for distribution to be turned over to the Chicago Community Trust.

In scope, the Chicago Community Trust has followed a program which combines the social research of the Cleveland Foundation and the plan of gifts to established charities as pursued by the Boston Permanent Charity Fund.

Several specified gifts have been made to undertakings as divergent as Day Nurseries, a School of Civics and Philanthropy, Family Service Societies and Religious Associations.

Like the Cleveland Foundation it has recognized the prime importance of studying local needs in order that they may be met scientifically. It has therefore undertaken
and carried out several studies and investigations of great value to social workers and the city at large.

The Americanization Survey

The Americanization Survey, the first major undertaking by the Chicago Community Trust, resulted in the organization of the Chicago Americanization Council, which includes representatives of sixty agencies dealing with the adjustment of the immigrant.

A subcommittee of the Americanization Council, on Immigration, recently came to the rescue of the State Immigration Committee when the appropriation for its maintenance was vetoed by the Governor.

Survey on Housing Non-Family Women

The Survey on Housing Non-Family Women had as an immediate principal result the establishment of a special Bureau, in the Division of Work for Girls, which concentrated on the problem of housing as related to the women employees of leading industries, students attending business colleges. A special investigator worked six weeks visiting a hundred and fifty leading industries and institutions inquiring how their women employees or students not living at home were housed.

Survey on Pre-Natal Care.

The Survey on Pre-Natal Care was the most pretentious, from a scientific standpoint, of any of the studies attempted. It dealt with a subject in a new field and has involved very careful original research.
The Survey of the Jail Situation in Cook County.

This survey was made at the request of the County Commissioners in view of the need of a new jail. The study was directed by Dr. George W. Kircawey, an internationally known criminologist. It offered two important recommendations.

The first dealt with an immediate improvement to be made in the administration of the County Jail, providing for the removal from the present building of certain classes of prisoners, especially first offenders and women.

The second general recommendation dealt with the building of a new jail, and with certain other features pertaining to the jail problem.

In commenting on the results of the Chicago Survey, Frank D. Loomis, Secretary of the Chicago Community Trust says:

"Our jail survey alone, which cost $7,000, probably has saved the taxpayers of Cook County not less than $7,000,000 in the construction of the new circuit court building and jail. The county will have as a result of this survey one of the best jails to be found anywhere.

The survey of the 'Housing of Non-Family Women' helped to produce gifts for new boarding homes to the amount of nearly $1,5000,000.

These studies demonstrated that surveys wisely chosen and scientifically executed may be valuable to the community far beyond the small cost involved. The Community Trust seems to be an ideal agency to make such a survey because it is an impartial body not subject to the exigencies of ephemeral popular support and it has no axe to grind.

You will note, however, that a very small portion of our income has been expended in this way. Most of
it has been paid to agencies actively engaged in carry-
ing the charitable and educational work of the community. The agencies are chosen with care, and we have assurance that the money is being spent wisely and economically."

Other Activities

The Chicago Community Trust receives an annual financial report from each charitable agency in the city of Chicago. A summary of the report is published enabling the office of the Community Trust to serve as a clearing house for the dissemination of knowledge pertaining to the cost of welfare work in Chicago.

In the fall of 1930, the Chicago Community Trust cooperated with the Chicago Association of Commerce, the Chicago Council of Social Agencies, and other public bodies in the development and organization of the Governor's Com-
mission on Unemployment Relief. The full time of the Secre-
tary of the Community Trust was donated to the Commission and he served throughout the nine months of the Commission work as Secretary of the Budget and Relief Commission.

Appropriation of Funds

Table VIII shows the type of agency of which the Distribution Committee, of the Chicago Community Trust, made appropriations to in 1928, 1929 and 1930. The Hospi-
tals and Health Agencies with 30% of the total amount ap-
propriated is followed closely by the Colleges and Schools which received 27%. The Homes for the Aged stand in a lone bracket with 15%, while the Relief Agencies and the Character Building Organizations are given 9.8% and 9.3% respectively. Agencies for the Care of Children receive 4% of the total and religious organizations, 0.6%. 
TABLE VIII

Type of Agency, Amount of Appropriation and Per Cent of Appropriation

Made By The Chicago Community Trust, 1928, 1929, 1930.

<table>
<thead>
<tr>
<th>Type of Agency</th>
<th>1928</th>
<th>1929</th>
<th>1930</th>
<th>Total</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care of Children</td>
<td>$3,178.92</td>
<td>$4,053.12</td>
<td>$4,496.59</td>
<td>$11,727.53</td>
<td>4.0</td>
</tr>
<tr>
<td>Character Building</td>
<td>3,190.24</td>
<td></td>
<td>23,912.37</td>
<td>27,103.01</td>
<td>9.3</td>
</tr>
<tr>
<td>Colleges and Schools</td>
<td>26,669.09</td>
<td>26,602.21</td>
<td>25,198.04</td>
<td>78,469.34</td>
<td>27.0</td>
</tr>
<tr>
<td>Council of Social Agencies</td>
<td></td>
<td>3,000.00</td>
<td></td>
<td>3,000.00</td>
<td>1.0</td>
</tr>
<tr>
<td>Family Service and Relief</td>
<td>8,643.76</td>
<td>8,989.39</td>
<td>10,990.62</td>
<td>28,623.77</td>
<td>9.8</td>
</tr>
<tr>
<td>Homes for the Aged</td>
<td>13,714.83</td>
<td>13,403.12</td>
<td>16,003.12</td>
<td>43,121.07</td>
<td>15.0</td>
</tr>
<tr>
<td>Hospitals and Health</td>
<td>25,392.67</td>
<td>33,787.83</td>
<td>27,684.28</td>
<td>86,864.74</td>
<td>30.0</td>
</tr>
<tr>
<td>Religious Organizations</td>
<td></td>
<td></td>
<td>1,604.75</td>
<td>1,604.75</td>
<td>0.6</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,201.92</td>
<td>2,237.85</td>
<td>5,469.95</td>
<td>5,469.95</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>$82,991.03</td>
<td>$89,163.52</td>
<td>$118,359.72</td>
<td>$230,514.27</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Boston Permanent Charity Fund

The Boston Permanent Charity Fund, which was organized in July 1917, has completed fourteen full years of activity.

The Permanent Charity Fund "was established to provide a convenient means by which charitably inclined persons might make gifts to a permanent fund devoted to charity with assurance that the principal would be well cared for and that the income would always be used to meet a real need."¹

Substantially all of the appropriations have been made to organizations in Boston and its immediate vicinity. There is no requirement, in the Declaration creating the Boston Permanent Charity Fund, that gifts be restricted to any locality, but the Distribution Committee felt that "as the income was not large enough to be spread over a wide territory, and as those who had given to the Fund were identified largely with Boston and its immediate vicinity, the income should for the present be confined in large measure to Boston and its environs."²

¹ Seventh Year Book of The Boston Permanent Charity Fund, p. 9.
² Ibid., p. 11.
The income has been appropriated for two closely associated purposes.

1. To help defray the current expenses of carrying on the ordinary charitable and social work of the community.

2. To sponsor surveys in order to keep pace with the rapidly changing economic and social conditions of the community with a view of strengthening the trend toward closer cooperation between the charitable organizations of Boston and its vicinity.

The Distribution Committee has adopted a set of standards and policies which are adhered to in making or withholding gifts. They are as follows:

1. That, except in very rare cases, no gifts be made to building funds.

2. That no gifts be made to endowment funds.

3. That no gifts be made to organizations while they are in the process of carrying on financial drives.

4. That the expenses of a drive should not be underwritten.

5. That the amount of the Committee's gift to any particular organization should in part be guided by the measure of support which the organization received from the public.

6. That no gifts be made to work of a purely religious or sectarian nature.

7. That in making distributions of income of the Permanent Charity Fund, the Committee be guided primarily by the charitable needs of the community rather than by needs of charitable associations. No charity shall receive funds solely for the reason that its work is well conducted and complies with the requirements of the Committee. Each charity

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1. Seventh Year Book of The Boston Permanent Charity Fund, p. 10.
must demonstrate not only that it complies with the requirements of the Committee, and is in need of assistance, but also that the needs of the community demand such assistance.1

Gifts for study and research

In making appropriations for study and research the Distribution Committee has endeavored to support only such studies as might be expected to lead directly and immediately to improvements or advances in social work.

Surveys

The first survey sponsored by the Permanent Charity Fund was a study of the relation of syphilis to employment. The results are to be found in two books, on, "The Kingdom of Evil", published in 1922 by the Macmillan Company; the other, "Syphilis of the Innocent", published in 1922 by the United States Interdepartment Social Hygiene Board.

A study was conducted under the auspices of the Harvard Medical School on the relation of diet to disease.

The largest appropriation for research work was made to the Bureau of Social Case Work. It was devoted to the study of the care of difficult girls, particularly unmarried mothers. The many findings were published in periodic reports.

Through arrangements with the Massachusetts Institute of Technology, a series of tests were made upon the accuracy of the bacteriological examinations carried on

1. Ibid., p. 57.
by the Health Department of the City of Boston.

A study was conducted by Dr. Haven Emerson of the facilities available, and the facilities needed, in the City of Boston, for the care of the chronically sick.

Appropriations were made to assist two child health studies. One of the appropriations financed a Sun-
shine Camp under the supervision of Dr. Hilbert F. Day; the other was a gift to a Health Association to enable it to follow up the social conditions of the children cared for in its summer camp.

Other surveys included a study of the mental characteristics of normal children; a study of children involving behavior problems; and the maintenance of a venereal disease clinic to demonstrate to public officials the value of eradicating sources of infection; examining, and if necessary, treating patients suffering from venereal disease.

So conclusively demonstrated was the clinic that the city continued its operation with its own funds.

Other Activities.

The Boston Permanent Charity Fund sponsored the creation of the Boston Council of Social Agencies. The primary reason for the development of this organization, which is a federation of the charitable organizations them-
selves, "was to find out better and more economical ways of meeting the community's needs". 1

The Fund is responsible for numerous consolidations, such as those of District Nursing Associations, Children's Societies and many relief agencies.

Frequently, organizations needing assistance in reorganizing their affairs or in expanding their services to meet new and pressing needs are extended aid by the Permanent Charity Fund.

*Gifts to carry on usual charity work*

Particular interest may be attached to the activities and methods pursued by the Boston Permanent Charity Fund because it disburses the largest income of any Community Trust or Foundation, to meet the expenses of current charity. Over one-half or 51.2% of the total income of the Fund, as revealed in Table XIV, was appropriated for health work and family relief. Particular significance is attached to character building activities and children's work which received more than a third, or 28.6% of the total appropriation.

General welfare, which includes such activities as the Council of Social Agencies and the Legal Aid Society, received 7.8% of the income, while *Education*, which obviously is not as popular with the Distribution Committee of the Boston Community Trust as it is with other Community Trusts, received only 7%.

Educational Leagues for the handicapped and other agencies rendering services of this type, which are grouped under *Employment and Industry*, were granted 3.6% of the appropriation, or almost three times the amount given to homes for the aged, religious institutions, or expended for research.
**TABLE XIV**

Type of Agency, Amount of Appropriation and Per Cent of Appropriation

Made by the Boston Permanent Charity Fund, 1929, 1930, 1931.

<table>
<thead>
<tr>
<th>Type of Agency</th>
<th>1930</th>
<th>1931</th>
<th>Total</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care of the Aged</td>
<td>$1,025.00</td>
<td>$2,600.00</td>
<td>$2,575.00</td>
<td>$6,200.00</td>
</tr>
<tr>
<td>Character Building</td>
<td>45,925.00</td>
<td>34,700.00</td>
<td>97,477.76</td>
<td>128,102.76</td>
</tr>
<tr>
<td>Children Work</td>
<td>22,100.00</td>
<td>20,840.00</td>
<td>29,534.97</td>
<td>72,459.97</td>
</tr>
<tr>
<td>Education</td>
<td>15,442.62</td>
<td>17,140.62</td>
<td>17,139.47</td>
<td>49,722.71</td>
</tr>
<tr>
<td>Employment and Industry</td>
<td>7,700.00</td>
<td>8,100.00</td>
<td>9,600.00</td>
<td>25,400.00</td>
</tr>
<tr>
<td>Family Welfare and Relief</td>
<td>31,497.00</td>
<td>33,150.00</td>
<td>31,675.00</td>
<td>96,722.00</td>
</tr>
<tr>
<td>General Welfare</td>
<td>13,667.10</td>
<td>21,975.00</td>
<td>19,759.97</td>
<td>55,402.07</td>
</tr>
<tr>
<td>Hospitals and Health</td>
<td>81,380.00</td>
<td>77,300.00</td>
<td>103,739.66</td>
<td>262,419.66</td>
</tr>
<tr>
<td>Research</td>
<td>2,000.00</td>
<td>311.26</td>
<td>311.26</td>
<td>2,311.26</td>
</tr>
<tr>
<td>Religion</td>
<td>311.26</td>
<td>311.26</td>
<td>311.26</td>
<td>933.78</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$219,047.98</strong></td>
<td><strong>$218,501.88</strong></td>
<td><strong>$262,124.35</strong></td>
<td><strong>$699,574.21</strong></td>
</tr>
</tbody>
</table>
THE INDIANAPOLIS FOUNDATION

The Indianapolis Foundation has undertaken to demonstrate the necessity of certain types of agencies in order to make a well-rounded community welfare program. It has fostered the support of these services from public and private sources.

Among the projects undertaken have been the employment of a nurse for crippled children, assistance to the public schools in starting a school for crippled children, the establishment of a public employment bureau, a demonstration of the value of psychiatric social work at the City Hospital, the equipment and maintenance of a laboratory at a tuberculosis sanatorium, the employment of a nurse for the care of chronic invalids and the equipment of a dental clinic under the Board of Health.

Appropriations: The appropriation made by the Indianapolis Foundation as shown in Table XV are more evenly distributed among certain types of community organization than those of the other three cities surveyed. Education with 27.1% of the total is the most popular service. Character building and health work rank second and third respectively. It is interesting to note that 13.7% of the aggregate was given to welfare agencies through the Community Chest. The Foundation supports an employment bureau that received 10.4% of the total.
### TABLE XV

**Type of Service, Amount of Appropriation and Per Cent of Appropriation**

Made by the Indianapolis Community Trust, 1928, 1929, 1930.

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>1928</th>
<th>1929</th>
<th>1930</th>
<th>Total</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's Work</td>
<td>26,250.00</td>
<td>21,870.37</td>
<td>3,016.68</td>
<td>51,137.05</td>
<td>14.8</td>
</tr>
<tr>
<td>Character Building</td>
<td>7,374.24</td>
<td>45,892.18</td>
<td>47,250.00</td>
<td>53,266.38</td>
<td>15.3</td>
</tr>
<tr>
<td>Community Chest</td>
<td>18,000.00</td>
<td>15,500.00</td>
<td>13,750.00</td>
<td>47,250.00</td>
<td>13.7</td>
</tr>
<tr>
<td>Education</td>
<td>29,335.00</td>
<td>32,251.58</td>
<td>32,336.54</td>
<td>93,923.12</td>
<td>27.1</td>
</tr>
<tr>
<td>Employment Bureau</td>
<td>12,000.00</td>
<td>12,078.62</td>
<td>12,000.00</td>
<td>36,078.62</td>
<td>10.4</td>
</tr>
<tr>
<td>Health &amp; Hospital Survey</td>
<td>15,219.00</td>
<td>15,169.23</td>
<td>19,855.52</td>
<td>50,243.75</td>
<td>14.7</td>
</tr>
<tr>
<td>Total</td>
<td>103,691.00</td>
<td>114,059.83</td>
<td>127,937.78</td>
<td>345,688.61</td>
<td>100.0</td>
</tr>
</tbody>
</table>
CHAPTER V.
The Value of the Community Trust in the Field of Social Work

The Community Trust, as a modern method of effective giving and administration of endowed charitable funds, has been in existence for seventeen years. This short period presents little experience as a basis for appraisal of the affect of Community Trust activities on social programs. Certain inherent factors, however, justify comment about the actual or probable effect of Community Trusts in the field of social work.

The outstanding value of the Community Trust is in giving expression to the beneficence of the donor, either in the exact form prescribed by him or in some form consistent with his wishes, but modified in view of current conditions.

No donor of sane disposition wishes his gift to become useless, but we are no more able than Bryan Mullanphy to foresee the exact requirements of the future. The changing social conditions, the shifting emergencies of successive generations, are recognized by the Community Trust in that its funds are given due flexibility. Hence, the needs of the future can be met as they take form.

Again, under the old order, when funds were left for generous purposes but without proper safeguards,
they sometimes were dissipated. The principal may not have
been carefully invested, for safety of principal over a
long period of time is not easily assured. The Community
Trust, on the other hand, has demonstrated the care with
which charitable trusts are managed, by its custodians, as
inferred from the following facts:

1. In the difficult year of 1930 the capital deprecia-
tion of securities comprising the Community Trust
and presently available for charitable purposes
was less than 1%; and

2. The amount of income disbursed in that same abnormal
year was over 5% (more nearly 5½%) of the year
end market value of securities constituting Com-
munity Trust funds applicable for charitable pur-
poses.\(^1\)

Something of the appreciation of these facts
may be comprehended when we realize that the Community
Trusts were administering funds in excess of $30,000,000.

A further distinguishing value of the Community
Trust in the field of social work is that one need not be
a rich man or woman in order to leave an endowment as several
small incomes may be combined for a common purpose. Moreover,
under these conditions a person of moderate circumstances
may be of real practical service to the community. Newton
D. Baker points out the advantage of the Community Trust
from this angle, in the following statement:

"In my law office, and in the offices of other
lawyers, people who are moved by a sense of community
responsibility but who have, when it comes to founding

\(^1\) Ralph Hayes, From an article, "Translating the Community
Trust Plan into Practice", The Community Trust in Opera-
tion, p. 5.
anything big or significant or continuous, only the widow's mite to contribute, come in day by day and ask counsel. They say 'How can I give this mite so that it will not be lost? How can, when I have finished with these talents, leave them so that they will go on and work together for good with the talents of others?'

"And we are able to point to the Community Trust and tell the widow with her mite that she can leave that where it will be joined up to the strength of thousands of others, some in larger measure and some in smaller, until there is a great aggregate fund, presided over by the most highly trained and conscientious people the community can afford, assured and guaranteed by the stability of great financial institutions as to the fidelity of its administration—and there comes to her the realization that though her single voice is too weak to be heard; though her individual touch is too feeble to be felt, when it is joined to the common voice and made an integer in the common strength, she, too, can become one of the builders of a future which will magnify the opportunities of the generation yet to be born."

The place of the Community Trust, in a community, as an instrument of social control is not a debatable question. It has been definitely pointed out that it is not designed to take the place of, or to compete with such social agencies as the Community Chest, the Welfare Federation, the Associated Charities, or individual charitable organizations. Their purposes are different, without being divergent, and their field of action more or less independent of each other. They are, in most instances, following the fundamental principles of the proper scope of a Community Trust as summarized by Colonel Ayres:

1. The Community Trust should conscientiously undertake activities that will commend themselves to the citizens of the locality so forcefully that they will want to add their funds and participate in the work that has been done.

2. The foundation should undertake tasks that would not be done by other existing agencies.

3. The foundation should investigate, experiment, and demonstrate, but it should not assume the permanent support of activities that are for continuing public use, and should be supported from the public purse.\(^1\)

That the Community Trusts are attempting to follow the scope of activity, as outlined by Colonel Ayres, is evident from actual accomplishment.

The Community Trusts of Chicago and Boston present striking illustrations of foundations that have undertaken activities not done by existing agencies. In each of these cities, which is not represented by a Community Chest, The Community Trust issues a yearly summary statement of the activities and financial expenditures of the social agencies. In many instances, they have succeeded in consolidating agencies that were duplicating each other in their field.

The Chicago and Boston Community Trust, in addition to the Cleveland and Indianapolis Foundation, have "investigated, experimented and demonstrated" to public officials the value of certain activities, from a community standpoint, after which were supported from public funds. Cleveland with their criminal justice survey, which resulted

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in the establishment of an Association of Criminal Justice; Chicago with their study of the jail situation that had as an immediate result the building of a new home for incorrigibles; Boston in their successful attempt to prove to the city officials of Lowell, Massachusetts the value of a venereal disease clinic through actual demonstration; Indianapolis with their child clinics are substantiations of the value of a Community Trust.

The Community Trust, as an implement of social work, has not escaped the criticisms which usually are directed toward organizations developed to correct an evil.

One of the major criticisms is the danger that the community trust or foundation may concentrate its resources upon local enterprises to the neglect of the great interests of the community at large, both at home and abroad. The Reverend Alfred W. Anthony D.D. sums it up by stating:

"The Community Trust attempts to show people how to do good in their own environment, and undertakes to safeguard donations and bequests from uncertainty and waste in the future, when conditions have arisen which the donor or testator did not foresee........ These objects are good but there is also a very real danger that the term 'community' may be employed in a narrow sense, and men be induced to overlook and neglect the greater needs of humanity which may be just at hand."1.

Many of the Community Trusts have taken advantage of this criticism through modifying their Declarations

1. National Conference of Social Work, 1921, An address by Dr. Moley, "The Community Trust."
to take in the entire world. In recognition of this fact, there are now 16 trusts which are world wide in scope. It is reasonable to assume that more will increase their scope as their funds become larger and as their experiences become more matured.

A further criticism has been advanced by Dr. Edward T. Devine, who questioned the soundness of method involved in the selection of the Distribution Committee. Devine was of the opinion that the individuals selected, under the present plan, "were not qualified to represent their communities". He believed that they "were likely to be representative of one class, or of a group of a closely related business circle".1

The criticism of Devine is perhaps made with some justification. On the other hand, the method of appointing the Distribution Committee has all of the elements of democracy. The officials who have the power to appoint certainly represent a cross-section of community life. That discretion is used by those in a position to appoint is evident in the case of at least two Community Trusts — Cleveland and New York — where Leonard P. Ayres and Homer Folk, two individuals who are authorities in the field of social work, are members of the Distribution Committee.

The Community Trust is a developing and not

1. The Survey, February 12, 1921.
a perfected method in the field of an evolving flexible profession, and it is not unlikely that these Community Trusts may come to be regarded, in the words of Professor Irving Fisher of Yale, "as one of the most significant innovations of our society."
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