

NATIONAL STANDARDS FOR U.S. COMMUNITY FOUNDATIONS

(As approved by the Community Foundations Leadership Team on June 8, 2000
 and including explanatory language as of February 29, 2002)

(24 March 2004 modifications to §I.E added)

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I. Definition of a U.S. Community Foundation			
A. A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, non-sectarian philanthropic institution with a long term goal of building permanent, named component funds established by many separate donors for the broad-based charitable benefit of the residents of a defined geographic area, typically no larger than a state.	Governing instruments (i.e. By-laws, Articles of Incorporation or Declaration of Trust)	Yes	Articles of Incorporation By-Laws Policies
II. Mission, Structure and Governance			
A. A community foundation is founded and operated for public benefit and has a well-defined, articulated mission.	Board approved mission statement	Yes	Articles of Incorporation Mission statement: "Supporting our community with volunteers and grants since 1979."
B. A community foundation is recognized by the Internal Revenue Service (IRS) as tax-exempt under Internal Revenue Code Section 501(c)(3), organized and operated exclusively for charitable purposes.	IRS Letter of Determination	Yes	Letters of determination

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C. A community foundation meets the public support test set forth in Internal Revenue Code Section 170(b)(1)(A)(vi) as modified by Treasury Regulation Section 170A-9(e)(10).

IRS Form 990 filed for the most current two years

Yes

1982 IRS letter
Forms 990

D. A community foundation has an independent governing body broadly representative of the community it serves.

List of governing board members with affiliations

Partial

List appears on Web site but without affiliations.

Explanation: "Governing body" means the board of directors or board of trustees of the of directors or board of trustees of the organization. "Broadly representative" means that the governing body reflects the diverse composition and different perspectives of the community it serves, and its members are not drawn solely from a single subset of the community.

Governing instruments referencing nomination and appointment process

Process for soliciting nominees is not documented.

Written description of nomination process that describes the process used seek diverse composition and different perspectives.

Appointment process is in Article III, Section 3 of the By-Laws.

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E. A community foundation's governing body retains variance power by which it may modify any restriction or condition on the distribution of assets, if circumstances warrant. Further, with respect to assets held in trust, the governing body must have the power to replace any participating trustee for breach of fiduciary duty under state law or for failure to produce a reasonable return of net income.

Governing instruments (i.e. By-laws, Articles of Incorporation or Declaration of Trust) referencing the variance power

Yes

Variance power on restricted donations —

Policy: Donor-Defined Funds

Note: We reject the concept of making a variance when the restriction is “*inconsistent with the charitable needs of the community or area served*”. See §4.g of our policy.

Replace holder of assets —

Policy: Long-Term Investment

Terms of agency endowment with California Community Foundation, which allow us to withdraw some or all funds with appropriate notice.

Explanation: “The governing body must have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if, in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. The governing body must be able to modify the restriction without obtaining the approval of any participating trustee, custodian, or agent of the community foundation.” (Legal Compendium for Community Foundations, Christopher R. Hoyt, Council on Foundations, 1996)

For those community foundations with assets held in trust, the governing body must also have the authority to remove the trustee responsible for those assets in at least two circumstances. This power of removal must be available if the trustee breaches its fiduciary duty or if the trustee fails to produce a reasonable return on investments. The governing body of a corporation normally has the power to remove asset managers, so the power need not be separately articulated in the governing instruments of the corporation. However, provisions in gift agreements that attempt to restrict this power would be material restrictions and should not be accepted by a community foundation.

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F. A community foundation serves a particular geographic area such as a municipality, county, state, metropolitan area or closely related aggregation of such areas that are considered for some purposes as a community, typically no larger than one state. An organization serving a single greater metropolitan area would satisfy this criterion even if that greater metropolitan area included parts of several states. This criterion excludes national and multi-national organizations.

Governing instruments (i.e. By-laws, Articles of Incorporation or Declaration of Trust), mission statement, and/or marketing and communications materials

Yes

Articles of Incorporation (especially Article II).

Article I of the By-Laws

Policy: Grants Committee

Explanation: Service to a particular geographic area typically includes grantmaking, community leadership, and service to donors in that identified area.

Unrestricted/discretionary funds primarily serve the community foundation’s identified geographic area; other grants may be distributed beyond that area.

G. A community foundation’s governing body:

- 1. is responsible for the mission, direction and policies of the organization.

Corporate record or minutes

Yes

Article III, Section 1 of the By-Laws

Explanation: The governing body of the community foundation is the ultimate fiduciary community foundation is the ultimate fiduciary and is legally accountable for all of the activities of the organization, even when it delegates responsibility.

Board approved mission statement

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<p>2. ensures adequate human and financial resources and actively monitors and evaluates the organization’s chief executive officer.</p> <p><i>Explanation: Human resources may include paid or unpaid staff. It is the responsibility of the governing body to provide adequate resources to meet the National Standards.</i></p>	<p>Board approved annual budget</p> <p>CEO job description</p> <p>Evidence of CEO performance evaluation</p> <p>partial</p> <p>All officers are elected annually by and from among the Board of Trustees. An evaluation is implied.</p> <p>There is no Human Resources office within CFOP.</p> <p>Almost all volunteers (<i>unpaid staff</i>) operate through the activity committees, which are responsible for their evaluations. No such evaluations are provided to the CFOP officers or trustees.</p> <p>CFOP employs no CEO.</p>
<p>3. approves policies to prevent perceived, potential or actual conflicts of interest.</p>	<p>Board approved conflict of interest policies</p> <p>Documentation of disclosures</p> <p>Yes</p> <p>See Policy: Conflict of Interest. See also Policy: Donor-Defined Funds.</p>
<p>4. serves without compensation (exclusive of the chief executive officer.)</p>	<p>Most recently filed Form 990</p> <p>Yes</p> <p>Forms 990 are available via the Web site.</p>
<p>5. is not controlled by any other nonprofit organization, or by any single family, business or governmental entity or any narrow group within the community.</p>	<p>Most recently filed Form 990</p> <p>Yes</p> <p>Articles of Incorporation</p> <p>Web site indicates CFOP not an education foundation.</p>
<p>6. reviews and adopts an annual operating budget.</p>	<p>Board approved annual budget</p> <p>Partial</p> <p>There is no overall budgeting process. Activity committees with significant fund raising and expenditures do adopt annual budgets.</p>

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<p>7. ensures that the governing documents include policies for size of the board, required number of meetings annually, limits of members’ terms, and structure and responsibilities of standing committees.</p>	<p>Governing instruments (i.e. By-laws, Articles of Incorporation or Declaration of Trust)</p>	<p>Partial</p>	<p>Per the Articles of Incorporation, this is relegated to the By-Laws. See By-Laws Article III.</p> <p>Actions to set specific number are recorded in the minutes.</p> <p>Intentionally, there are no term limits. Trustees serve indefinitely until resignation, death, or removal.</p>
<p>8. ensures that the community foundation reflects the diversity of the community it serves.</p> <p><i>Explanation: This item correlates to the item above regarding the governing body membership reflecting the community. Here, the governing body is looking beyond itself, and seeking staff and committee diversity, policies that do not promote exclusivity, and endeavors that address diverse communities.</i></p>	<p>Corporate records or minutes</p>	<p>Yes</p>	<p>Oak Park is generally an upper-middle-class residential community with some varying ethnicity. 10%-15% of the population is foreign-born and the same percentage is of racial minorities.</p> <p>The CFOP Board of Trustees has 10 members: 7 men and 3 women. One trustee is Native American; all the rest are white. Seven trustees happen to be Jewish.</p> <p>Two of the trustees are selected from government boards by their peers on those boards. Diversity in creating those boards and in the peer selection is beyond the control of CFOP.</p>

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9. ensures that the community foundation meets all laws and legal requirements.

Explanation: All applicable local, state, and federal laws and regulations must be observed.

Required annual legal filings with federal, state and local governmental agencies

Yes

Both the President and the Treasurer put special emphasis on this, beyond merely filing mandated reports.

Existence of the required filings can be verified through the appropriate government agencies.

10. approves all grants.

Explanation: The governing body has responsibility for grant approval, which may be exercised through delegation of the decision-making process.

Corporate records or minutes and/or governing body resolution delegating authority

Yes

By-Laws Article VI, Section 3

Policy: Grants Committee

Web site (processing grants)

III. Resource Development

A. A community foundation has, or works to develop, broad support in the form of contributions from many separate, unrelated donors with diverse charitable interests in the community served by the community foundation.

List of funds

Yes

Web site

Sample marketing materials

B. Contributions to a community foundation represent irrevocable gifts subject to the legal and fiduciary control of the community foundation's governing body.

Sample fund agreements and gift acknowledgment letters

Yes

Policies: Refunds of Donations and Donor-Defined Funds

C. A community foundation has a long-term goal of securing resources to address the changing needs of the community it serves.

Marketing materials

Yes

Web site (promoting donor-defined funds).

Explanation: Building discretionary funds to provide both flexible and permanent funding sources for meeting changing needs should be a goal of the community foundation.

Mission statement and/or governing instruments (i.e. By-laws, Articles of Incorporation or Declaration of Trust)

Policy: Donor-Defined Funds

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D. A community foundation accepts and administers a diversity of gift and fund types to meet the varied philanthropic objectives of donors.

Marketing materials and/or gift/fund acceptance policies
List of funds

Yes

CFOP can handle structured donations and donations of real estate and securities through a relationship with CCF.

However, no actual instance of a non-cash donation has occurred.

E. A community foundation adopts gift and fund acceptance policies that address minimum fund size, types of fund options, types of gift mechanisms, and policies and procedures for accepting various types of assets, and makes these policies available upon request.

Gift/fund acceptance policies

Partial

No written policy.

No minimum fund size.

Types of structured donations (described on Web site) actually dictated by what CCF will handle.

Explanation: This item promotes accountability, policy and process disclosure, and consistency. Fund acceptance policies include purpose and use of the fund.

F. During the gift planning process, the role and relationships of all parties involved are fully disclosed to the donor.

Sample disclosure documents

No

No third-party involvement has yet occurred.

Explanation: The intent is to disclose any financial benefit that might accrue to a third-party participant in the gift planning process.

The role of CCF is implied where the Policy on Donor-Defined Funds refers to the Policy on Fiscal and Financial Management, which in turn refers to the Policy on Long-Term Investment.

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IV. Stewardship and Accountability	
A. A community foundation is a steward of charitable funds, investing and prudently managing funds and maintaining accurate financial records.	<p>Annual audit with management letter (or financial review)</p> <p>Evidence of investment performance review</p> <p>No</p> <p>After the 2000 independent audit, the Board of Trustees made an intentional decision not to conduct annual audits.</p> <p>CFOP does not review CCF investment performance. Such reviews are conducted by CCF and its auditors.</p>
B. A community foundation is accountable to the community it serves and regularly disseminates information on its programs and finances.	<p>Annual report</p> <p>Policy on public availability of the most recently filed IRS Form 990</p> <p>Sample fund agreements</p> <p>Partial</p> <p>The CFOP Web site provides ongoing updates of operations. That Web site also presents the three latest Forms 990 and the latest annual financial statements.</p> <p>So far, CFOP has not needed a fund agreement. The Policy on Donor-Defined funds is available via the Web and the policies on individual donor-defined funds are available on request.</p>
C. A community foundation maintains a written record of the terms and conditions of each component fund and all such records must reference the variance power.	<p>Sample fund agreements</p> <p>Yes</p> <p>Policy on Donor-Defined Funds and policies on individual funds.</p>
D. A community foundation honors the charitable intentions of its donors consistent with community needs and applicable laws and regulations.	<p>Documentation of procedures ensuring that funds are used to meet donors intent</p> <p>Yes</p> <p>Reference: Policy on Donor-Defined Funds.</p>

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E. A community foundation observes the balance between donor involvement and governing board control and complies with applicable laws and regulations.	<p>Guidelines for donor advisors and/or sample donor advised fund agreement</p> <p>Do We Do It? Yes</p> <p>Reference: Policy on Donor-Defined Funds.</p>
<p>F. A community foundation ensures that the foundation's financial resources are used solely in furtherance of its mission.</p> <p><i>Explanation: Some examples of intent here include 1) salaries and benefits are within a range considered reasonable and customary for community foundations of similar size and taking into account the background and experience of staff, and 2) assets of the foundation are not used for personal benefit of either board or staff.</i></p>	<p>Annual audit with management letter (or financial review)</p> <p>Do We Do It? Partial</p> <p>CFOP has no employees.</p> <p>After the 2000 independent audit, the Board of Trustees made an intentional decision not to conduct annual audits.</p> <p>By-Laws Article VI, Sections 2 and 3.</p> <p>Most recently filed IRS Form 990</p>
G. An annual audit (financial review when assets total less than \$1 million) is performed by an independent public accountant, reviewed and accepted by the governing body and made available to the public upon request.	<p>Annual audit (or financial review)</p> <p>Do We Do It? No</p> <p>After the 2000 independent audit, the Board of Trustees made an intentional decision not to conduct annual audits.</p> <p>The CFOP Web site presents the latest annual financial reports.</p> <p>Documented evidence of governing body acceptance</p> <p>Documented evidence of public availability of most recent audit (or financial review)</p>
<p>H. A community foundation</p> <p>1. has investment policies that include asset allocation guidelines, a spending policy and criteria for measuring investment performance.</p>	<p>Investment policy</p> <p>Do We Do It? Partial</p> <p>Policies: Fiscal and Financial Management, Long-Term Investment, and Liquid Investment. CFOP does not review CCF investment performance. Such reviews are conducted by CCF and its auditors.</p>

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2. makes available to the public upon request the names of its investment managers, fees charged (including investment and administrative fees), governing body or appointees responsible for investment oversight and investment.

Marketing materials

Yes

Web site (Special Funds)

Policy: Long-Term Investment

V. Grantmaking and Community Leadership

A. A community foundation operates a broad grants program to multiple grantees that is limited neither by a single focus or cause nor exclusively to the interests of a particular constituency.

Grant guidelines

Yes

A list of grants will be published on the CFOP Web site.

Grants list for most recently completed fiscal year

(not in the past)

Policy: Grants Committee

Web site (Grants)

B. A community foundation awards some grants from its discretionary resources through open, competitive processes that address the changing needs of the community.

Grant guidelines

Partial

A list of grants will be published on the CFOP Web site.

Grants list of discretionary awards for most recently completed fiscal year

Each grant application is considered on its own and not in competition with other applications.

Policy: Grants Committee

Web site (Grants)

C. A community foundation widely disseminates grant guidelines to ensure the fullest possible participation from the community it serves.

Grant guidelines

Yes

Web site

Documented evidence of public dissemination

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D. A community foundation performs due diligence to ensure that grants will be used for charitable purposes.

Policy or documented procedure for due diligence

Yes

Policy: Grants Committee

Explanation: Due diligence applies to all grants made by the foundation, and includes gathering and evaluation of information on the grantee and may include the intended use of the grant. Vigilance regarding quid pro quo benefit to a donor advisor would fall within the scope of this item.

E. A community foundation works to identify community issues and opportunities and acts as a leader and convenor, using its human and/or financial resources to address immediate and long term community issues and opportunities.

Documentation of issues identified and resulting actions

Yes

CFOP sponsors public forums and events.

Activity committees address focused needs.

VI. Donor Relations

A. A community foundation informs and educates donors about community issues and grantmaking opportunities.

Documented evidence of donor education

Yes

Web site

B. A community foundation actively involves donors in identifying and responding to community issues and opportunities.

Documented evidence of donor participation

Partial

A community needs assessment was conducted in 1980 but never repeated. A new needs assessment might be conducted, depending on the success of CFOP's Silver Anniversary Campaign.

Activity committee do involve their members and affected community.

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C. A community foundation promptly and accurately acknowledges gifts.	<p>Gift acknowledgment procedures</p> <p>Partial</p> <p>Under guidelines from the IRS, all donors of \$250 or more receive a letter from the President.</p> <p>There is no formal policy or procedure on this.</p>
D. A community foundation provides fund statements, at least annually, to those donors who wish to receive them.	<p>Documented evidence that fund statements were provided</p> <p>Yes</p> <p>This was requested only once. A copy of the annual report was provided to the principal donor.</p>
E. All private information obtained with respect to donors and prospects is kept confidential to the fullest extent possible.	<p>Confidentiality policy</p> <p>Yes</p> <p>Policy: Privacy</p>
VII. Communications	
A. A community foundation communicates openly and welcomes public scrutiny.	<p>Press releases and news clippings</p> <p>Yes</p> <p>The Secretary maintains a file of releases and clippings.</p> <p>Newsworthy items are published on the Web site.</p>
B. A community foundation has a communication strategy that includes a report, widely distributed at least annually, which describes the community foundation's mission, activities and financial operations.	<p>Annual report or equivalent and dissemination plan</p> <p>Yes</p> <p>Only the financial operations are reported.</p>