

National Standards for U.S. Community Foundations

As approved by the Community Foundations Leadership Team, September 15, 2008

I. Definition of a U.S. Community Foundation

- I.A.** A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interest of and for the benefit of residents of a defined geographic area.

II. Mission, Structure and Governance

- II.A** A community foundation is founded and operated for the public benefit and has a well-defined, articulated mission.
- II.B** A community foundation is recognized by the Internal Revenue Service (IRS) as tax-exempt under Internal Revenue Code Section 501(c)(3) and organized and operated exclusively for charitable purposes.
- II.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).
- II.D** A community foundation has an independent governing body broadly representative of the community it serves.
- II.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.
- II.F.1** A community foundation's governing body is responsible for the mission, strategic direction, and policies of the organization.
- II.F.2** A community foundation's governing body ensures adequate human resources and policies and holds the organization's chief executive officer accountable for the operations of the organization.
- II.F.3** A community foundation's governing body approves and monitors policies regulating the ethical operations of the community foundation.
- II.F.4** A community foundation's governing body serves without compensation (exclusive of the chief executive officer).
- II.F.5** A community foundation's governing body is not controlled by any other nonprofit organization, or by any single family, business, or governmental entity or any narrow group within the community.

- II.F.6** A community foundation's governing body is responsible for the financial health and sustainability of the organization, including ensuring adequate revenue, monitoring expenses, and overseeing investment and spending practices.
- II.F.7** A community foundation's governing body oversees a clearly articulated process for board governance.
- II.F.8** A community foundation's governing body ensures that the community foundation reflects and serves the breadth and diversity of the community.
- II.F.9** A community foundation's governing body ensures that the community foundation meets all legal requirements.
- II.F.10** A community foundation's governing body approves all grants.
- II.F.11** A community foundation's governing body maintains oversight and control over geographic affiliates. A geographic affiliate is a component fund (or collection of component funds), established within or by the community foundation, serving a defined geographic region and under a common advisory group.

III. Resource Development

- III.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.
- III.B** A community foundation's governing body has legal and fiduciary control over all contributions received.
- III.C** A community foundation has a long-term goal of securing discretionary resources to address the changing needs of the community it serves.
- III.D** A community foundation accepts and administers a diversity of gift and fund types to meet the varied philanthropic objectives of donors and the needs of the community it serves.
- III.E** A community foundation adopts appropriate gift and fund acceptance policies and makes these policies available upon request.

IV. Stewardship and Accountability

- IV.A** A community foundation is a steward of charitable funds, investing and prudently managing funds and maintaining accurate financial records.
- IV.B** A community foundation is accountable to the community it serves and regularly disseminates information on its programs and finances.
- IV.C** A community foundation maintains a written record of the terms and conditions of each component fund and all applicable records must reference the variance power.
- IV.E** A community foundation maintains a balance between donor involvement and governing board control and complies with all applicable laws and regulations.

IV.F A community foundation ensures that the foundation's financial resources are used solely in furtherance of its mission.

IV.G A community foundation has an annual audit (or financial review, when assets total less than \$5 million) that is performed by an independent public accountant, reviewed and accepted by the governing body, and made available to the public upon request.

IV.H A community foundation ensures sound oversight and transparency of its investment and spending policies.

V. Grantmaking and Community Leadership

V.A A community foundation operates a broad grants program to multiple grantees that is not limited to a single focus or cause or exclusively to the interests of a particular constituency.

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

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

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

V.E A community foundation identifies and addresses community issues and opportunities and works to serve as a leader and convener.

V.F A community foundation assesses its grantmaking and community leadership.

VI. Donor Relations

VI.A A community foundation educates and engages donors in identifying and addressing community issues and grantmaking opportunities.

VI.B A community foundation promptly and accurately acknowledges gifts.

VI.C A community foundation provides fund statements, at least annually, to those donors who wish to receive them.

VI.D A community foundation keeps all private information obtained with respect to donors and prospects confidential to the fullest extent possible.

VII. Communications

VII.A A community foundation communicates openly and transparently on a regular basis.