What We’re Learning in Beta
Hi, I’m a nerd, and I’m here to help.

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The National Standards for U.S. Community Foundations® is an accreditation program that promotes operational effectiveness to foster excellence in community philanthropy.

We do this in two ways:

1. **We create standards** for operationally and legally sound community foundations.

2. **We lead community foundation staff and boards** through the process of achieving operational excellence.

With confidence in your operations, community foundations can innovate and take risks necessary to solve complex social problems.
67% of all U.S. Community Foundations

meeting the definition of a public foundation with component funds

49 states have accredited community foundations

94% of the Largest Community Foundations by Assets and Grantmaking

31% of Accredited CFs with $10 million in Assets or Less
Evidence of Excellence
The dollars set aside for charity are limited and precious. The institutions that donors choose to support must be credible and trustworthy. As a symbol of excellence and rigor, the National Standards Seal helps philanthropists and their professional advisers recognize and choose community foundations as a sound place to give and make a difference.

Accountability
• Community foundations of all sizes use National Standards as a roadmap to establish legal, ethical, effective practices that withstand the scrutiny of donors, government and media. Over time, National Standards have become an important resource for developing new and emerging community foundations.
• Legislators and regulators at the local, state, and federal level recognize National Standards as a way to evaluate community foundations.

Impact
National Standards set consistent expectations among community foundation boards and practitioners, helping them focus and make effective use of time and talent. They also provide a framework for documenting, communicating and providing training and technical assistance to advance best practices.

Distinction
Community foundations use National Standards to distinguish themselves from entities that provide similar services. When community foundations work together regionally or nationally to build awareness of their unique value, standards reduce the risk of doing so by ensuring all participants have met benchmarks for quality in operations and service.
National Standards provides a transparent validation of the high value community foundations provide individually and collectively for our communities nationwide.

Eric Anderson, Director of Stewardship, The Minneapolis Foundation

National Standards is more than a set of legal guidelines that must be met; it recognizes the commitment we have made to operational excellence. It articulates to our donors, community partners, staff and board our commitment to sound policies and accountability that ultimately better positions us to promote philanthropy, connect donors to causes they care about and provide leadership on important community issues. It’s a set of high standards that we are proud to uphold on behalf of our community!

Angela Dethlefs-Trettin, Vice President of Community Investment & Initiatives, Des Moines Foundation

“Our participation in the National Standards Program is an important way for our Community Foundation to remain “Best in Class” in those policies and procedures which undergird our commitment to full and complete transparency and accountability to our donors and the communities we have served for the past 74 years. That trust and confidence is of paramount importance to the fulfillment of our mission, and clearly distinguishes our organization as a leader in the philanthropic field.”

Jim Williamson, President, Community Foundation of Greater New Britain
Find Resources and Apply

National Standards for U.S. Community Foundations

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With confidence in their operations, community foundations can innovate and take risks necessary to solve complex social problems.

To qualify for National Standards, your community foundation must be:
1. Recognized by the IRS under Code sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi). This information tells us that your community foundation is organized and operated exclusively for charitable purposes and is a publicly supported charity.
2. In good standing with federal and state regulators.
3. Meet the National Standards definition of a community Foundation as stated in National Standard 1.

For more information, visit www.cfstandards.org.
Start Your Application

Create one account for your CF
Start Your Application

Online Application

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Section 1a: Document Review for Legal Compliance

If you are concerned about the complexity of any of your legal documents, please contact the National Standards staff at admissions@cfstandards.org to set up a conversation about your questions or concerns.

Please attach the following documents for legal review in PDF format.

Articles of Incorporation that are signed and dated by the appropriate corporate officer, such as the corporate secretary.

If your organization was established as a community trust, please provide your trust charter instead of the Articles of Incorporation and Bylaws as a response to the Articles of incorporation question.

If your organization is in both corporate form and trust form, please provide your Articles of Incorporation here with a memo explaining how the corporation is a component part of the trust. Then, in Section 1B, please answer the question regarding your trust form and documents. If you aren’t sure if your organization is in trust form, check your Form 990, Schedule A, Part I, Question 8.

If your community foundation has trust and a corporation, please merge all documents into one PDF and upload it in the Articles of Incorporation field box.

Please download the following sample(s):

Articles of Incorporation Cover
Articles of Incorporation

Articles of Incorporation
Attachment:  
(maximum size 100MB)

Bylaws that are signed and dated by the appropriate corporate officer, such as the corporate secretary.

Please download the following sample(s):

Bylaws Cover
Bylaws

Upload when you’re ready “Save Draft” as you go.
Find Resources and Apply

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[Website Link: www.cfstandards.org]
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Achieving National Standards Compliance

The National Standards team is no longer accepting paper submissions or statements of agreement. Starting in 2015, all applications and renewals will be done online. Whether you are applying for the first time or renewing your accreditation, you will use the online accreditation application (not the re-accreditation application). This is because you need all of your application documents in electronic files rather than paper files that you previously provided. The good news is that after the first application, renewal applications will only require information if your community foundation has revised or responded to changes in law/National Standards.

Eligibility

To qualify for National Standards, your community foundation must be:

- Recognized by the IRS under Code sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(ii). This information tells us that your community foundation is organized and operated exclusively for charitable purposes and is a publicly supported charity.
- In good standing with federal and state regulators.
- Meet the National Standards definition of a community foundation as stated in National Standard 1.

Before you Apply

- Keep in mind, preparing the materials and submitting your application for National Standards can take between a few weeks and a few months.
- Discuss the value of National Standards accreditation with your executive committee and board to make sure your community foundation has support as you undergo the process.
- Look through the accreditation requirements and make a list of items that will need board approval to assist you with building a timeline. It is a good idea to start with the legal section for this list.
- Know your accreditation expiration date if your foundation is currently accredited. If you don’t know your accreditation date, email
  submitform@standards.org.
- For your first online submission, we suggest submitting between eight and twelve months before accreditation expires.
- For your annual online renewal, you must submit at least 90 days before your accreditation expires.

How to Apply

- Visit our application website to start the online process. Application management software provided by Web Reeve.
- Create an account using the Sign-Up form. You can only have one account per community foundation.
- Fill out the application. You can save your drafts as you go. If multiple staff members are logging into the application, make sure only one person is in the application at a time, or your work may not save.
- Once you have uploaded all of your documents, completed the application, and reviewed your work, you may submit. Keep in mind this process is rigorous and can take from a few weeks to a few months. You may print a copy of your application while you work on it or when it is final.
- After you submit the application, you will receive an email confirming your application and providing payment instructions.
- Follow the email instructions you receive for payment. Your first online submission costs $1,250, annual renewal costs $1,000. Please make payment by sending a check payable to: Community Foundations National Standards Board, 2121 Crystal Drive, Suite 700, Arlington, VA 22202.

The Review Process

- Once you submit your application and payment is received, peer and legal reviewers will go through your application. This process can take several months depending on volume.
- The National Standards Director will compile their comments and email them to the community foundation email used to set up the National Standards account. It is not unusual for your foundation to receive requests for supplemental materials.
- Review the comments and respond to the request for supplemental materials. Provide your response within 30 days or after your next board meeting if your materials require board approval.
- This process of responding to comments from reviewers can happen more than once.
- If supplemental materials are requested more than three times, the National Standards Director will require a call with the community foundation to discuss outstanding issues before the fourth submission of materials.
- Once all National Standards are met, the community foundation receives an email that they are accredited.
- The accreditation email has a link to the National Standards licensing agreement that must be signed online.

You’re Accredited!

- The National Standards Seal and the Marketing Toolkit make it easy for you to share your community foundation’s achievement with your community.

Renewal

- Now that your community foundation is accredited, all of your foundation’s most important documents are available to you and saved in one online easy-to-access place. Your annual renewal date is one year after you receive notice of your accreditation via email. Each year, you will review your original application and update any changes to your documents, policies, or responses to the application questions. Your renewal application is available to be updated throughout the year as your community foundation makes updates to its policies and procedures.
- Submit your annual renewal and payment no less than 90 days before your accreditation expires.
Check out [www.cfstandards.org](http://www.cfstandards.org)

**Whistleblower Policy**

The [NAME] Foundation is committed to lawful and ethical behavior in all of its activities and requires directors, volunteers, and employees to act in accordance with all applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

**Whistleblower Policy and Procedures**

The objectives of the Foundation's Whistleblower Policy are to establish policies and procedures to prevent or detect and correct improper activities, encourage each Foundation director, officer, employee and volunteer to report what he or she in good faith believes to be a material violation of law or policy on questionable accounting or auditing matter by the Foundation; ensure the reporting of any evidence of fraud, waste, mismanagement, or illegal activity, and to ensure prompt and appropriate resolution of reports received under this policy, and to promote an environment of openness leading to the disclosure of such improper activities.

**Reporting Responsibility**

All directors, officers, employees, and volunteers are required to report any activity that they believe constitutes a violation of the Foundation's policies and procedures. Any member of the Board of Directors, officer, employee, or volunteer has the responsibility to report any activity that the person believes constitutes a violation of the Foundation's policies and procedures, or that the person receives notice of or that the person observes, to the appropriate person within the Foundation.
Find Resources and Apply

Legal Policies & Procedures

Section 1A: Document Review for Legal Compliance

> All community foundations applying for National Standards accreditation must present each of these documents for review.

Articles of Incorporation

Articles of incorporation and/or trust documents that are signed and dated by the appropriate corporate officer, such as a corporate secretary. Please include attachment of the original plus any amendments.

Sample Document

Helpful Tips for Compliance

Bylaws

Bylaws that are signed and dated by the appropriate corporate officer, such as the corporate secretary and include the date of board approval. Please include attachment of the most recent version.

Sample Document

Helpful Tips for Compliance

Board Resolution

Include as an attachment the board resolution for National Standards submission.

Sample Document

Confidentiality/Privacy Policy

Include the confidentiality/privacy policy as an attachment. Make sure to include date of board approval.

Sample Document
What We Look For: Common Issues
Governance

• Review Governing Documents

• Be consistent in your governing documents, procedures, policies, website, and marketing materials.

• Demonstrate that your board knows the foundation and the community.
Board of Directors

• Provide a job description or scope of responsibilities for all board members, not just board officer responsibilities.

• Training and development of board members needs to go beyond orientation; provide some additional samples of recent educational opportunities for board members.

• Ensure your board nomination process includes a board discussion on how the foundation determines what characteristics are needed on the board to ensure that the board remains representative of the community served.

• Include governing board demographics as well as community demographics in board discussions about nominations. They should mirror each other to some extent. Generally, board composition should demonstrate inclusiveness.
## Conflicts of Interest

### Facts and Circumstances Test

<table>
<thead>
<tr>
<th>What to Look For?</th>
<th>How to Protect your CF?</th>
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<tbody>
<tr>
<td>- Activity of interest that may cause bias</td>
<td>- Policy – employees, board, staff, consultants, volunteers</td>
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<tr>
<td>- Perceived</td>
<td>- Distribution, Acknowledgement, Annual Affirmation</td>
</tr>
<tr>
<td>- Potential</td>
<td>- Documentation – disclosure and resolution noted in minutes</td>
</tr>
<tr>
<td>- Actual</td>
<td>- IRS Sample Policy Available</td>
</tr>
</tbody>
</table>
Whistleblower

• Standards go beyond what the law requires with adoption of a system to receive and respond to good faith complaints about violations of the law, ethics or organizational policy.

• Internal and External – employees, directors, volunteers, consultants may have access to information about the organization that raises questions about compliance.

• Evidence of such a system is typically provided through a policy that addresses
  – who can report under the policy
  – to whom information may be reported
  – identification of the person(s) (often via position) responsible for carry out the investigation and
  – a prohibition against retaliatory action against those who make good faith complaints.
Donor Relations
What have you told the donor?

Restrictions
- Name the fund
- Endowed/Pass-through
- Designate charities
- Designate purpose(s)
- Removed with donor consent (UPMIFA), variance power, or court action

Control
- Selection of charities after gift is made
- Timing of distributions
- Require holds on assets
- Mandate irrevocable relationship with financial adviser

Have you discussed a grantmaking plan? Inactive Fund Policy?
Donor Advised Funds
What We Look for in the Agreement & Policy

• Gifts are made irrevocable
• Outlines terms and conditions
• Does not include material restrictions – language is consistent with the governing body having “exclusive legal control” and fiduciary control over gifts.
• Variance power is explained
• Description of the roles of the board/staff in distributions
• Prohibition against donor, donor advisors, or related parties using advised funds to secure benefits from the distribution recipient
• Prohibition against grants to individuals, including checks written directly to an individual or an entity for the benefit of a specific individual
• Prohibition against donor, donor advisors, or related parties receiving grants, loans, compensation or similar payments from DAFs
• Process for donor recommendations
• Policy for naming successors
• Process for distribution of funds once donor and donor advisors are deceased
• Have an inactive funds policy
Donor Advised Funds

Prohibited Distributions - PART 1

– No grants, loans, compensation or similar payment to the donor, donor advisor or related party, includes reimbursements
– No more than incidental benefit
– CAREFUL payment of legally binding pledges
– CAREFUL bifurcation (event ticket)
– No excess business holding for more than 5 years
  • 20% of the voting stock of an incorporated business
  • 20% of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity
  • Any interest in a sole proprietorship
Donor Advised Funds

Prohibited Distributions – Part 2

– Distributions to Individuals
– Distributions for non-charitable purposes
– Distributions to non-charities and some supporting organizations without expenditure responsibility
  • Pre-grant inquiry
  • Written grant agreement
  • Segregation of funds if non-charity
  • Follow-up reporting from grantee
Grants to Organizations from Donor Advised Funds: Is Expenditure Responsibility Required?

Is the grantee a Section 501(c)(3) organization?  
Sources for determination:  
- IRS Publication 78  
- IRS Business Master File  
- IRS Letter of Determination  
- Third-party provider*

  No  
  Is the grantee a unit of government?  
  Grant is not to a charity or governmental unit. Expenditure responsibility required.

  Yes  
  Expenditure responsibility not required.

Is the grantee a private foundation?  
Sources for determination:  
- IRS Publication 78  
- IRS Business Master File  
- IRS Letter of Determination  
- Third-party provider*

  No  
  Is the grantee a Section 509(a)(1) or 509(a)(2) public charity?  
  Sources for determination:  
  - IRS Business Master File  
  - IRS Letter of Determination  
  - Third-party provider*

  No  
  Is the grantee a Section 509(a)(4) public charity?  
  Sources for determination:  
  - IRS Business Master File  
  - IRS Letter of Determination  
  - Third-party provider*

  No  
  The grantee is a Section 509(a)(3) supporting organization.***  
  Continue analysis on next chart.

  Yes  
  Is the grantee a private operating foundation under Section 4942(j)(3)?  
  Sources for determination:  
  - IRS Publication 78  
  - IRS Business Master File  
  - IRS Letter of Determination  
  - Third-party provider*

  No  
  Grant is to a private non-operating foundation. Expenditure responsibility required.**

  Yes  
  Expenditure responsibility not required.

* A sponsoring organization may rely on a third-party provider if the provider pulls the information from the most currently available monthly update to the business master file, and the sponsoring organization retains a report with particular required information.

** The Council on Foundations continues to recommend against grants to private non-operating foundations from donor advised funds.

*** The information from the IRS Business Master File, IRS Letter of Determination or Third-party provider should confirm this classification. If not, additional information will need to be collected for clarification.
Grants to Section 509(a)(3) Organizations (Supporting Organizations) from Donor Advised Funds: Is Expenditure Responsibility Required?

Is the supporting organization a Type I or Type II supporting organization?

- Sources for determination:
  - IRS Letter of Determination*
  - Written opinion of counsel
  - Written representation from grantee combined with sponsoring organization review of supporting organization’s governing document

  Yes

Is the organization that the grantee supporting organization supports controlled directly or indirectly by the donor, advisor, or related party? (Note that an organization may have multiple supported organizations.)

- Sources for determination:
  - No IRS guidance provides a clear method for making this determination.
  - The question to investigate is whether the donor, advisor or related parties may, separately or by aggregating their votes or positions or authority, require a supported organization to make an expenditure or prevent a supported organization from making an expenditure.

  Yes

Expenditure responsibility required.

No

The supporting organization is a Type III. Is the Type III supporting organization functionally integrated?

- Sources for determination:
  - IRS Letter of Determination*
  - Written opinion of counsel
  - Written representation from grantee combined with sponsoring organization review of supporting organization’s governing documents and written representations from each supported organization

  Yes

Expenditure responsibility not required.

No

Expenditure responsibility required.

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* Some IRS letters of determination will include a determination of supporting organization Type. However, most letters will not. Another method of determination will be required if the IRS letter of determination does not explicitly provide a determination of Type or, in the case of a Type III, whether the organization is functionally integrated.

The information provided here is based on our continuing analysis of the Pension Protection Act. Every effort has been made to ensure accuracy of these documents. Please understand, however, that due to the complexity of the law and the fact that many of these provisions introduce issues that are new to the Internal Revenue Code, this information is subject to change. The information is not a substitute for expert legal, tax or other professional advice and we strongly encourage grantmakers and donors to work with their counsel to determine the impact of this legislation on their particular situations. This information may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code.
Scholarships

• Defined
  – Grant to assist individual pursuit of education, achievement of an objective, development of a skill
  – Objective and non-discriminatory basis for charitable class
  – Many criteria acceptable
  – No benefit to persons making selection
  – Special Rules: Scholarships for corporate employees or dependents

• Committee: if donor, donor appointee, or related person participates
  – Donor may not control selection committee
  – Donor’s advice is provided only as a member of a committee
  – Community foundation appoints selection committee
  – Procedures are approved in advance by CF Board
  – Procedures are objective and non-discriminatory

Following these steps avoids classification as a donor advised fund
Peer Reviewer Tips

• **Start early**: Identify a point person and begin asking other key staff to familiarize themselves with Standards a year or more in advance of your expected submission date (and that date should be 6-8 months prior to the expiration of your current accreditation). You’ll need time to review, create and compile the needed information and documents.

• **No dumb questions**: The CFNSB website is a valuable resource. The website contains many sample documents and helpful hints. Lara and other staff would rather help you in advance of your submission than engage in a long process of submissions and supplemental reviews. Use the knowledge and experience available to you.

• **Samples**: The sample policies provide on the website are an amazing resource. However, be aware that if it appears policies have been adopted without careful editing, discussion, and board review to ensure applicability to your individual CF, it will raise questions in review.

• **You can’t go back to the future**: Reviewers are required to find evidence that your board/CF has adopted the policy. This might require submission of minutes documenting approval of policy or in the case of a 990, either submitting a copy of an amended filing or a copy of the next year’s 990.
Peer Reviewer Tips

• **Read instructions carefully:** For some standards, your CF is required to have a policy even if you don’t currently conduct that activity (such as availability of 990T or excess business holdings in donor advised funds).

• **Embrace sameness:** Use a consistent format for fund agreements. Incorporate policies and terms and conditions by reference where possible, but submit every sample agreement in full – with all applicable addendums, exhibits or appendices.

• **Cross-check:** Reviewers look at all the information submitted. If you state you don’t offer scholarship funds and a reviewer notices the John Smith Scholarship Fund in your fund list, questions and requests for additional information will follow. Submit based on what is actually in place or what your organization would offer.

• **Practical advice:**
  – Number pages within documents
  – Highlight key elements, like the pertinent parts of board minutes or policies (and make sure the highlights translate to your scanned version)
  – Keep copies (paper or electronic) of EXACTLY the same version of documents as those you submit
  – For yes/no questions, keep an internal document referencing the policy or evidence upon which your answer was based. This will be a crucial resource if questions arise in the review, when it’s time for reconfirmation, and for institutional history.
Peer Reviewer Tips

**Integrity:** The process for submitting your information for Standards has been moved to the cloud, streamlined and improved. There are lots of yes and no questions, and if the answer is “no” your submission cannot go forward. Don’t say “yes” based on aspiration – only on reality.

**Excellence:** Standards are a great learning tool for Board and staff. Compliance with National Standards represents a level of excellence your CF and Board should be proud of. Set that tone as you approach this process. Enjoy the process!
Questions