

# NATIONAL STANDARDS FOR U.S. COMMUNITY FOUNDATIONS®



**Excellence.** Accountability. Impact.

# SETTING A HIGH STANDARD

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The National Standards for U.S. Community Foundations® accreditation program represents a community foundation's commitment to go **above and beyond** federal and state law requirements to demonstrate **accountability and excellence** to communities, policymakers, and the public.

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Excellence. Accountability. Impact.™



# EXCELLENCE IN COMMUNITY PHILANTHROPY

National Standards are used by community foundations of all sizes, scopes, and areas of focus throughout the United States. They provide vital guidance on how community foundations should operate, distribute funds, and determine impact on the communities they serve.

# SHOWCASING ACCOUNTABILITY

Community foundations face regulation at the state and the federal level. The National Standards for U.S. Community Foundations® accreditation program provides an additional layer of rigorous, sector-driven and enforced accountability. Created over a decade ago, the National Standards seal demonstrates commitment to operational excellence, and represents real results for communities everywhere.



## What is a Community Foundation?

A community foundation is a tax-exempt, nonprofit, autonomous, nonsectarian philanthropic institution supported by local citizens with long-term goals of:

- 1. Building** permanent, component funds established by many separate donors to carry out charitable interests;
- 2. Supporting** broad-based charitable interests and benefitting the residents of a defined geographic area; and
- 3. Serving** in leadership roles on important community issues.

Community foundations play a key role in identifying and solving community problems. In 2013, they gave an estimated \$5.3 billion to nonprofit activities in fields that included:



HEALTH AND  
HUMAN SERVICES



ENVIRONMENT



DISASTER RELIEF



ARTS & EDUCATION

## WHO PARTICIPATES

More than **500** accredited community foundations in all **50 states**.



**96%** of the nation's largest community foundations participate in the National Standards program.

\*as of September 2015

## WHAT DO NATIONAL STANDARDS ACCOMPLISH

Charitable contributions made to support and strengthen communities are limited and precious. The National Standards seal indicates that these accredited institutions will serve as responsible stewards of these contributions as dedicated community partners and leaders.

To receive and maintain accreditation status, community foundations must meet and remain compliant with comprehensive standards around the following key areas of excellence:



**Structure & Governance** - Reflects the independence and integrity of the organization's board and staff in managing the foundation's operations and assets.



**Grantmaking** - Determines that the organization responds to community needs, and uses funds only for qualified charitable purposes.



**Resource Development** - Ensures that the organization receives a revenue stream that represents the diversity of citizen support.



**Community Engagement** - Assures that the organization demonstrates leadership and outreach to the community.



**Accountability** - Assures that the organization complies with accountable financial recordkeeping and reporting disciplines, and prudent investment practices.



## WHAT IS A...

### Community Foundation

Community foundations are tax-exempt, grantmaking organizations that serve the charitable purpose of improving the lives of people in the communities they serve. They are supported by a broad base of community members, which is demonstrated by the varied composition of revenue. These organizations bring together and leverage the financial resources of individuals, families, and businesses to support projects and initiatives led by effective nonprofits, and identify solutions for persistent issues.

# NATIONAL STANDARDS: HOW THEY EMERGED

In the late 1990s, community foundation leaders began discussing the value of a peer-regulated standards program. The need for creating such a program grew from a desire to 1) demonstrate effectiveness and accountability to policymakers, regulators, and the public and, 2) to distinguish the unique role community foundations play in serving their communities.

The National Standards program helps demonstrate that a community foundation is well-run and results-oriented, while also delineating criteria that help define what community foundations are and do.



## PROGRAM STRENGTHS

 **Baseline Qualifications**  
National Standards eligibility requires that a community foundation be in good standing with federal and state regulators, and categorized by the IRS under sections 501(c)(3), 509(a)(1), and 170(b)(1)(a)(vi) of the Internal Revenue Code.

 **Rigorous Process**  
The National Standards for U.S. Community Foundations® accreditation process is thorough and rigorous, requiring compliance with the law and an extensive list of internal operating policies and procedures that have been scrutinized and deemed best practice by the sector.

 **Genuine Accountability**  
Since the program began, there have been over a dozen investigations for reports of noncompliance, several of which have led to revocation of accreditation status. Additionally, representatives for the National Standards program conduct periodic site visits and check-ins with accredited organizations to ensure compliance.

 **Program Oversight**  
The National Standards for U.S. Community Foundations® program is a registered trademark of the Council on Foundations. The National Standards program is administered by an independent, sector-chosen board. This board is a Type I supporting organization of the Council on Foundations.

### Private Foundation

Private foundations are also tax-exempt, grantmaking organizations that exist to serve and support a charitable purpose. However, unlike community foundations, private foundations typically obtain funding from a single source—such as an individual, family, or corporation.

### Nonprofit

This is an 'umbrella' term that describes an organization where income is used for charitable or public interest rather than the private benefit or gain of any private individuals or shareholders. It is widely used to characterize a variety of charitable and non-charitable organizations, but is often used in a general manner to refer to charitable organizations.

“The National Standards seal 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 better positions us to promote philanthropy, connect donors to causes they care about and provide leadership on important community issues.”



**Angela Dethlefs-Trettin**, *Chief Community Impact Officer,*  
*Community Foundation of Greater Des Moines*

“I believe every community foundation in American should participate in National Standards. Our stock in trade is trust-with the communities we serve and donors who entrust us with their philanthropic capital. It is serious work and accreditation demonstrates we are serious about doing it well as a field. Policymakers and regulators respect institutions that are accountable enough to have quality accreditation programs so they don't have to do it for us.”



**Richard Ober**, *President and CEO,*  
*New Hampshire Charitable Foundation*

“National Standards provides a transparent validation of the high value that community foundations provide individually and collectively for our communities nationwide.”



**Eric Anderson**, *Director of Stewardship,*  
*The Minneapolis Foundation*



*National Standards for U.S. Community Foundations® is a program of the Council on Foundations, administered through the Community Foundations National Standards Board. Designed by community foundation leaders, the program and accreditation process reinforce the integrity, professionalism, and legal compliance in the community foundation field. The Council proudly supports and continues to invest in National Standards.*

The Community Foundations National Standards Board is a supporting organization of the Council on Foundations.

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