

Revised National Standards

Recommended Changes to the Council on Foundations for Consideration

December 2013

Definition of a U.S. Community Foundation

(Note: All of the National Standards flow from this definition)

Option A: Current Definition

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long-term goal of building permanent, component funds established by many separate donors to carry out their charitable interests, and supporting the broad-based charitable interest of and benefitting the residents of a defined geographic area, typically no larger than a state.

Option B: Revised Definition

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

- building endowed, component funds established by many separate donors to carry out their charitable interests;
- supporting the broad-based charitable interests of and benefitting the residents of a defined geographic area, typically no larger than a state; and
- providing leadership on important community issues.

National Standard
Mission, Structure and Governance 1. A community foundation a. is founded and operated for the public benefit b. has a well-defined, articulated mission c. serves residents of a defined geographic area, typically no larger than a state d. is nonsectarian e. is not exclusive to the interests of a particular constituency f. is recognized by the Internal Revenue Service (IRS) as tax-exempt under Internal Revenue Code Section 501(c)(3), g. is organized and operated exclusively for charitable purposes, and h. 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(f)(11). COMBINED II.A and II.B AND II.C (revised)
2. A community foundation has an independent governing body that ensures the community foundation reflects and serves the breadth and diversity of the community it serves. COMBINED II.D AND II.F.8
3. 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. NO CHANGE – II.E
4. A community foundation's governing body is responsible for the mission, strategic direction, and policies of

the organization.
NO CHANGE - II.F.1

5. A community foundation's governing body ensures the financial health and sustainability of the organization by:
- ensuring adequate human and financial resources that are used solely in furtherance of the organization's mission,
 - approving the organization's budget and monitoring performance related to the budget,
 - ensuring sound oversight and transparency of investment and spending policies and practices, and
 - holding the organization's chief executive officer (or equivalent in the case of all-volunteer foundations) accountable for the operations of the organization.

COMBINED REVISED II.F.2 AND II.F.6 AND IV.F AND IV.H (revised)

6. A community foundation's governing body approves and monitors policies regulating the ethical operations of the community foundation, ensures that the community foundation meets all legal requirements, and approves all grants.

COMBINED II.F.3 AND II.F.9 AND II.F.10

7. 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 it serves.

NO CHANGE – II.F.5

8. A community foundation's governing body oversees a clearly articulated process for board governance and serves without compensation (exclusive of the chief executive officer).

COMBINED II.F.4 AND II.F.7

9. 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.

NO CHANGE – II.F.11

Resource Development

10. A community foundation has, or is actively working to develop, broad support in the form of contributions from many separate, unrelated donors with diverse charitable interests, and 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.

COMBINED III.A AND III.D (revised)

11. A community foundation's governing body has legal and fiduciary control over all contributions received, and adopts appropriate gift and fund acceptance policies and makes these policies available upon request.

COMBINED III.B AND III.E

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

NO CHANGE – III.C

Stewardship and Accountability

13. A community foundation is a steward of charitable funds, investing and prudently managing funds, and maintaining accurate financial records.

NO CHANGE - IV.A

14. A community foundation is accountable to the community it serves and demonstrates this accountability by regularly disseminating information on its programs and finances, including its investment spending policies.
REVISED IV.B (revised)

15. 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.
NO CHANGE – IV.C

16. A community foundation honors the charitable intentions of its donors, consistent with community needs, and maintains a balance between donor involvement and governing board control, in accordance with all applicable laws and regulations.
COMBINED IV.D AND IV.E

17. 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.

NO CHANGE – IV.G

Grantmaking

18. A community foundation operates a broad grants program to multiple grantees that is not limited by mission to a single focus or cause or exclusively to the interests of a particular constituency, and widely disseminates grant guidelines to ensure the fullest possible participation from the community it serves.
COMBINED V.A AND V.C AND ADDED “by mission”

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

NO CHANGE – V.B

20. A community foundation performs due diligence to ensure that grants will be used for charitable purposes and assesses the impact of its grantmaking.

COMBINED V.D AND V.F

Donor Relations

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

NO CHANGE – VI.A

22. A community foundation promptly and accurately acknowledges gifts, and provides fund statements, at least annually, to those donors who wish to receive them.

COMBINED VI.B AND VI.C

23. A community foundation keeps all private information obtained with respect to donors and prospects confidential to the fullest extent possible. If a community foundation uses an online giving portal, it must ensure it protects donor data, honors donor intent and discloses any transaction fees.

REVISED VI.D (revised)

Community Leadership and Communications

24. A community foundation identifies and addresses community issues and opportunities. It strives to serve

as a leader and convener and to assess the impact of its community leadership.

COMBINED V.E AND PART OF V.F (revised)

25. A community foundation communicates openly and transparently on a regular basis. If social media is used by employees or in foundation communications, the community foundation develops a social media policy.

ADDED SOCIAL MEDIA TO VII.A

26. When involved in advocacy or lobbying activities, a community foundation ensures it is in compliance with applicable federal and state regulations. NEW