

# COMMUNITY FOUNDATION SONOMA COUNTY

## POLICY GOVERNING COMMUNITY FOUNDATION AFFILIATE FUNDS

*Approved by the Board of Directors of Community Foundation Sonoma County on May 5, 2009*

### A. OVERVIEW

1. Community Foundation Sonoma County (the Community Foundation) is a tax-exempt charitable organization under section 501(c)(3) of the Internal Revenue Code and classified as a public charity under Section 509(a)(1) of the Code.
2. The mission of the Community Foundation is “Strengthening our local communities through effective philanthropy and civic engagement”.

The Community Foundation matches philanthropic interests with community needs by:

- Serving as a leader, resource and catalyst to enrich the quality of life;
  - Developing a permanent endowment;
  - Encouraging philanthropy at all levels;
  - Providing comprehensive donor services; and
  - Responding to changing community needs and opportunities.
3. The purpose of Community Foundation Affiliates (Affiliates) is to carry out the mission of the Community Foundation within a specific geographic area of Sonoma County. An Affiliate may have its own statement of mission, but not one in conflict with the mission of the Community Foundation.
  4. Affiliates do not have separate legal or tax status, they do not have their own IRS 501(c)(3) status, but rather operate as programs of the Community Foundation. All Affiliate activities will be consistent with policies and procedures of the Community Foundation, including this Policy, as such policies are revised from time to time. All Affiliate activities shall be under the ultimate direction and control of the Community Foundation’s Board of Directors.
  5. Each Affiliate will have an Affiliate Board. The Affiliate Board is a volunteer committee of the Community Foundation established to manage the affairs of the Affiliate under the supervision of the Community Foundation’s Board of Directors. The Affiliate Board will oversee on a local level the Affiliate’s specific activities, to help build funds for the Affiliate area, recommend grants, and

represent the interests of the Affiliate community in matters related to any of the funds identified with the Affiliate. The Affiliate Board shall nominate its own candidates to serve on the Affiliate Board, but all such appointments shall be made by the Community Foundation's Board of Directors. The Affiliate Board may appoint officers as it chooses from among the Affiliate Board members.

6. At the request of the Community Foundation's Board of Directors, each Affiliate may propose one or more persons from their own Board to be considered for election to the Community Foundation's Board. Such persons, if elected, would serve as voting members of the Community Foundation's Board for one-year terms.
7. Each Affiliate Board member shall receive a copy of this Policy upon appointment, and whenever this Policy is revised. Each Affiliate Board member must review and, by signature, acknowledge that he or she has reviewed and understands this Policy, will comply with it, and will use his or her best efforts to ensure that all Affiliate activities comply with it.
8. The Affiliate Board shall have no authority to, and shall not, assume or create any obligation or responsibility, implied or expressed, on behalf of or in the name of the Community Foundation, and shall not bind itself or the Community Foundation in any matter whatsoever, except as previously authorized in writing by the Community Foundation.
9. Each Affiliate shall have one or more component funds, established to address the needs of the Affiliate community and the charitable interests of its donors. All such funds are the property of the Community Foundation, which shall have discretion and control over the investment, management, and use of funds consistent with the charitable purpose of each. Each such fund will be established and administered under a separate fund agreement approved by the Community Foundation.
10. When new Community Foundation funds are established, the Community Foundation may determine on a case-by-case basis whether such fund shall be identified with an Affiliate, based on factors including, primarily, the expressed wishes of the donor(s) or organization creating the fund, as well as the geographic location of the donor or organization, the charitable purposes of the fund, and any other relevant factors. In the case of an organization placing its fund(s) under management by the Community Foundation, a resolution of the Board of that organization shall be necessary for the Fund (s) to be identified also with an Affiliate.

## **B. ROLE OF THE AFFILIATE BOARD**

Subject to the policies and oversight of the Community Foundation, the Affiliate Board will undertake the following:

1. Create policies for the Affiliate and manage its regular operations, including:
  - Develop and implement policies related to the composition and orderly succession of the Affiliate Board. (It is recommended that there be term lengths of 3 years, with a maximum of two sequential terms and a minimum one-year hiatus before allowing a third or future terms.);
  - Provide for election of officers. Minimally, there should be a Board Chair or President and a Secretary. Additional positions may be determined by the Affiliate;
  - Publish a regular schedule of meetings and minutes;
  - Prepare an annual work plan and budget;
  - Form additional committees or task forces to undertake specific activities (e.g. a grants committee);
  - Make recommendations to the Community Foundation regarding contracting with consultants to provide services to the Affiliate. Should an Affiliate wish to employ staff dedicated to its work, such employee(s) officially would be employed by of the Community Foundation. Hiring, supervising and firing of the employee(s) would be arranged jointly by the Board of the Affiliate and the CEO of the Community Foundation;
  - Provide for regular communication with Community Foundation staff concerning Affiliate activities.
2. Build permanent endowment funds as well as non-permanent funds to meet the charitable needs of the Affiliate community:
  - Coordinating with the Community Foundation's Vice President for Development, seek charitable assets in the form of unrestricted, field of interest, donor advised or designated funds, through active donor identification and solicitation; and
  - Undertake appropriate public relations/visibility efforts, working in coordination with the Community Foundation's own activities in these areas.
3. Establish and carry out a local grant-making program, in coordination with Community Foundation's Vice President for Programs:
  - Develop grant-making guidelines and procedures, including charitable objectives and priority areas to guide funding recommendations;

- Receive and evaluate proposals submitted to the Affiliate in keeping with its grant program; and
  - Submit recommendations for competitive and discretionary grants from Affiliate fund(s) to the Community Foundation’s Board of Directors. The Community Foundation Board may, from time to time, set a grant limit for which grants at or below this limit will not need approval by the Board of Directors of the Community Foundation.
4. Serve as an information source to the Community Foundation in regard to the Affiliate area:
- Inform the Community Foundation in regard to local nonprofit organizations that should receive grant application materials;
  - Provide current information that can be used to update and maintain a portion of the Community Foundation website regarding Affiliate activities;
  - Provide information about various constituents in the Affiliate area, to be included in the Community Foundation’s database, that would benefit from receiving information about the Community Foundation; and
  - Help identify specific needs, opportunities, and emergencies in the Affiliate area in keeping with the overall mission of the Community Foundation.

**C. ROLE OF THE COMMUNITY FOUNDATION STAFF**

The Community Foundation will provide the following staff support to the Affiliate (including, where applicable, support from the Community Foundation’s outside contractors).

1. Finance and Administration:
- Completion of annual federal and state tax returns (as part of Community Foundation’s returns);
  - Annual audit (part of Community Foundation’s audit);
  - Investment management of Affiliate fund(s) assets as part of the Community Foundation’s pool of funds;
  - Distribution of funds to and from Affiliate funds and/or funds identified with the Affiliate for accounts payable or grants; and
  - Quarterly financial statements indicating the balance of the Affiliate fund(s) and/or funds identified with the Affiliate and all fund activity including investment returns,

contributions received on behalf of those fund(s), and disbursements made from those fund(s).

2. Program and Grantmaking:

- Vice President for Programs assistance regarding best practices in grant review and due diligence, including assistance with preparation of guidelines for grant applicants;
- Use of Community Foundation grant application and forms (if desired);
- Centralized administration of the application review process, including bundling applications to be distributed to the Affiliate Board (or its designated committee) for review and evaluation; and
- Grant processing, including grant award letters, contracts, grant payments, and progress reporting.

3. Development and Donor Relations:

- Consultation regarding planned giving and fund development;
- Preparation and execution of a fund agreement for every fund established by and/or to be identified with the Affiliate specifying the name, scope of charitable purpose, manner of distribution and any additional advisors to the fund;
- Use of external consultant to consult with and provide customized educational information for potential planned giving donors to the Affiliate fund(s) and/or to funds to be identified with the Affiliate; requests for this service will be reviewed and approved by Community Foundation Vice President for Development;
- Participation of Development staff in meetings with major prospective donors to the Affiliate fund(s) and/or to funds to be identified with the Affiliate or with prospective Affiliate Board members;
- Acknowledgement to donors of all gifts to the Affiliate fund(s) and/or to funds identified with the Affiliate for tax purposes (with notification to Affiliate's fund contact);
- Assistance in identifying additional prospective donors;
- Promotion of the Affiliate fund(s) and/or funds identified with the Affiliate among current and new donors to the Community Foundation; and

- Training and support to Affiliate participants in promotion and development techniques and strategies.
4. Public Relations and Marketing:
- Design template brochure to promote the Affiliate funds and/or funds identified with the Affiliate;
  - Press releases about interesting grants from Affiliate funds and/or from funds identified with the Affiliate and major gifts to Affiliate funds and/or funds identified with the Affiliate (as requested by the Affiliate Board in coordination with the Communications Officer);
  - Coordination with Community Foundation's Communications Officer in development of an Affiliate's web page(s); and
  - Listing of Affiliate fund(s) and funds identified with the Affiliate in the Community Foundation's annual report (yearbook) and possible promotion in Community Foundation marketing materials.
5. General:
- Orientation of Affiliate Board regarding the Community Foundation and our role, history and mission, basic functions, governance, management, grantmaking, etc. of the Community Foundation.
  - Participation of Community Foundation staff in the Affiliate's annual goal setting and long-range planning;
  - Providing pertinent information to Affiliates obtained from the Council on Foundations, League of California Community Foundations, and other related sources;
  - Periodic convening of Affiliates' representatives to share what's working/what's not, and ideas for growing each Affiliate;
  - Routine administrative support; and
  - Routine legal services.

Additional requests by Affiliate Boards for services not anticipated at this time will be considered at the time of the request. They will be provided at the sole discretion of the Community Foundation depending on resource availability and other relevant factors.

#### **D. FEES**

All funds of the Affiliate, as well as those identified with an Affiliate, will be charged the Community Foundation's standard foundation support fee at the same rate as charged to other like funds of the Community Foundation.

The following services are not covered by the Community Foundation's annual fee on Affiliate funds. These services will be charged to the Affiliate's budget as incurred:

- Legal services on issues specific to the Affiliate which are either requested by the Affiliate Board or incurred by the Community Foundation in administering the Affiliate;
- Specialized brochures, newsletters and annual reports;
- Consulting fees, except as noted above; and
- The pro rata share of fees charged to the Community Foundation by its investment managers and custodians for investing the assets of funds. These fees are charged directly to the investment funds.

#### **E. PUBLIC COMMUNICATIONS**

To avoid confusion and misunderstandings, the Community Foundation wishes to ensure that all donors, potential donors, and stakeholders understand that Affiliates are part of the Community Foundation, that their operations are subject to the supervision and control of the Community Foundation, and that Affiliates have no independent legal status. Therefore:

- All written communications describing an Affiliate, soliciting funds for an Affiliate and/or to be identified with an Affiliate, or encouraging public involvement with an Affiliate, shall clearly state that the Affiliate is a project or program of the Community Foundation. Such communications shall include websites, brochures, fundraising letters, and proposal letters to potential donors;
- All donors who establish a fund that will be identified with an Affiliate (and all charities who establish an organizational fund that will be identified with an Affiliate) will have Fund Agreements that state that: (1) Affiliates are programs of the Community Foundation; and (2) Affiliate operations (including the investment, administration, and distributions of all fund(s) identified with the Affiliate) are subject to the supervision and control of the Community Foundation's Board of Directors; and

- The Community Foundation reserves the right to approve, and if necessary revise, all written communications as defined above to ensure they are appropriately informative regarding the role of the Affiliate, and otherwise reflect the Community Foundation mission and policies.

## **F. CREATION OF NEW AFFILIATES**

1. New Affiliates may be created by resolution of the Community Foundation Board of Directors. Such resolution shall specify the geographic region to be served by the Affiliate. A sample resolution is attached to this Policy.
2. When a new Affiliate is being organized, this Policy shall be provided to all members of any organizing or steering committee created to establish the Affiliate. The chair of such committee must review and, by signature, acknowledge that he or she has reviewed and understands this Policy, will comply with it, and will use his or her best efforts to ensure that all activities of the organizing committee comply with it.

## **G. TERMINATION OF AN AFFILIATE**

Affiliate Boards help the Community Foundation to serve its mission through their knowledge, contacts, and volunteer service. In the event that an Affiliate Board is no longer functioning as an effective arm of the Community Foundation in its geographic region for any reason, the Community Foundation Board of Directors may choose to dissolve the Affiliate Board. In that event, all funds identified with the Affiliate will thereafter remain as funds of the Community Foundation. (See Section H. below.)

## **H. INDEPENDENCE OF AN AFFILIATE**

The Community Foundation hopes and intends that all of its Affiliates will remain an active part of the Community Foundation Sonoma County permanently. However, if in the future an Affiliate Board wishes to become independent, and create a legally separate community foundation serving its geographic region or otherwise function as a separate charitable organization, the Community Foundation will work in good faith with the Affiliate Board to determine how best to serve the philanthropic needs of the geographic region. In the event that a new community foundation or other charitable organization is formed and obtains IRS recognition of its tax-exempt status under Section 501(c)(3) and classification as a public charity under 509(a), the Community Foundation may, in its sole discretion, agree to transfer Affiliate funds, and funds identified with the Affiliate, to the new community foundation or other charitable organization. The Community Foundation will decide whether to transfer funds on a case-by-case basis, based on the charitable purpose of the fund, the wishes of donors and stakeholders, and the capacity of the new community foundation or other charitable organization to invest, administer, and distribute the fund to achieve such fund's charitable purpose. Existing permanent or non-permanent funds of the Community Foundation that are not identified with the Affiliate



will remain with the Community Foundation (even if they are directed to the benefit of the geographic area served by the Affiliate).

# COMMUNITY FOUNDATION SONOMA COUNTY

## RESOLUTION OF THE BOARD OF DIRECTORS

### REGARDING THE THE SONOMA VALLEY FUND AFFILIATE

1. Establishment of Community Foundation Affiliate. Community Foundation Sonoma County has established an affiliate to be known as “The Sonoma Valley Fund” (the Affiliate) to carry out the Community Foundation’s mission in the specific geographic region of Sonoma County described in Paragraph 3.

2. Affiliate is Subject to Community Foundation Policies and Procedures. The Affiliate is a program of the Community Foundation under the ultimate direction and control of the Community Foundation’s Board of Directors. The Affiliate Board shall adhere to, and the Affiliate’s affairs shall be managed in conformity with, the Community Foundation’s “Policy Governing Community Foundation Affiliate Funds,” as such Policy may be revised from time to time by the Community Foundation Board.

3. Region or Specific Purposes Served by Affiliate. The geographic region served by the Affiliate shall be as follows: Sonoma Valley

4. Affiliate Board Appointments. *[Optional, if board members have been selected but not yet appointed]* The Community Foundation hereby appoints the following individuals to serve on the Affiliate Board:

The foregoing resolution was duly adopted by the Board of Directors of Community Foundation Sonoma County at which a quorum was present on May 5, 2009.

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Secretary, Community Foundation Sonoma County

**ACKNOWLEDGEMENT BY AFFILIATE BOARD MEMBERS**  
**of**  
**Community Foundation Sonoma County**  
**Policy Governing Community Foundation Affiliate Funds**  
**(To be reviewed with each new Affiliate Board member.)**

As a member of the Affiliate Board of the Sonoma Valley Fund, I acknowledge that I have received a copy of the Policy Governing Community Affiliate Funds dated May 5, 2009. I have read and understand the Policy, will comply with the Policy, and will use my best efforts to ensure that all activities of the Affiliate comply with the Policy. (This form is to be signed by all Affiliate Board members at the time of adoption of the Policy Governing Community Foundation Affiliate Funds, and subsequently by new Board members as they join an Affiliate Board.)

Date: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name*