

Affiliate Board

Notebook

NORTH CAROLINA COMMUNITY FOUNDATION



Main Office

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Raleigh, North Carolina 27612

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www.nccommunityfoundation.org

Regional Offices

Eastern

(252) 562-9824

Central

(910) 292-4437

Western

(828) 358-0030

Revised: 1/2021

WELCOME TO THE NORTH CAROLINA COMMUNITY FOUNDATION

We are so pleased to welcome you to the North Carolina Community Foundation, a statewide network of affiliate foundations.

As affiliate leaders, you will work in partnership with NCCF's generous fundholders and professional staff to enhance the quality of life in your communities. We value and rely on your board's leadership to help serve as catalysts for philanthropic giving and conveners around local needs.

The NCCF provides each affiliate foundation with professional management services and works to help you identify and support charitable needs and opportunities in your community.

This Board Manual includes pertinent information to help you:

- Understand your role and responsibilities as a member of an affiliate advisory board;
- Understand the scope of services provided to you through the North Carolina Community Foundation;
- Learn about the national standards for community foundations in general.

The NCCF team looks forward to working with you. Please visit our website at www.nccommunityfoundation.org for more information and visit us there and on Facebook, Twitter, LinkedIn and Instagram to follow our activities throughout the state.

Thank you for your commitment to serve as a member of your local affiliate advisory board. We look forward to working with you as partners in this important endeavor to support your community and our state.

Cordially,

Jennifer Tolle Whiteside
President and CEO

NORTH CAROLINA COMMUNITY FOUNDATION AFFILIATE BOARD NOTEBOOK

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Section I: Overview of Community Foundations and the North Carolina Community Foundation

Contents of this Section

- What Is a Community Foundation?
- Important Legal Terms
- History and Mission of the North Carolina Community Foundation
- North Carolina Community Foundation Mission
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WHAT IS A COMMUNITY FOUNDATION?

A community foundation is a nonprofit organization 501(c)(3), serving people in a geographic area sharing a goal of improving the quality of life in their area.

In legal terms, a community foundation is a tax-exempt, publicly supported foundation governed by its own board of directors and created to serve a specific geographical area. The first community foundation was created in Cleveland, Ohio, in 1914.

Community foundations range in size from very large community foundations to some with assets of \$100,000 or less. All share the common goal of serving donors, nonprofits, and the community as a whole.

One of the community foundation's special functions is to provide awareness of community issues to ensure that charitable gifts are used effectively to fulfill the most critical needs in their community.

A community foundation typically serves its community in three ways. It:

- raises funds for charitable purposes,
- makes grants to nonprofit organizations, and
- acts as a catalyst to improve the quality of life in its community.

Community foundations offer donors many services and benefits. They routinely work with families, individuals, estate planners, and attorneys to design gift plans that fit every economic situation, so donors can receive the most benefit from their charitable contributions and ensure that their philanthropic dollars are used to the fullest extent.

Community foundations receive gifts of various sizes and types from private citizens, local corporations, other foundations, and government agencies that want to help specific regions. Nearly every type of gift — real estate, closely held stock, art work, IRAs, and insurance — can be contributed to a community foundation. Gifts are made from bequests and by living donors who want to be actively involved in local philanthropy.

An easy way to consider the core work of a community foundation is to use the following simple rubric:

- **G**ather
- **G**row
- **G**rant

Important Legal Terms to Know:

Public Charity: As distinguished from a private foundation, a community foundation is a public charity – a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and that receives its financial support from a broad segment of the general public. “Charitable organizations that are not public charities are private foundations and are subject to more stringent regulatory and reporting requirements.” *

The Public Support Test: The Public Support Test is “designed to ensure that a charitable organization is responsive to the general public rather than to a limited number of persons.” * The Public Support “test” may take various forms, but all forms are designed to demonstrate that the organization receives a broad level of support from the general public.

National Standards Compliance: The National Standards for U.S. Community Foundations Program is administered by the Council on Foundations and requires community foundations to document their policies for donor services, resource development, investments, communications, grantmaking, community leadership and administration. The program is designed to provide quality assurance to donors and their legal and financial advisors. – The North Carolina Community Foundation is in compliance with National Standards, meaning that we continue to meet the nation’s highest philanthropic standards for operational quality, integrity and accountability.

Variance Power: “A distinguishing characteristic of community foundations, the variance power permits the community foundation’s governing body to redirect resources in component funds if it determines that the donor’s restriction is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.” *

**from The Community Foundation Handbook, Council on Foundations, 2006*

HISTORY AND MISSION OF THE NORTH CAROLINA COMMUNITY FOUNDATION

The North Carolina Community Foundation (the “Foundation”) was established as a statewide community foundation in 1988 by leading philanthropists who envisioned a pool of dedicated endowment funds that would provide for the perpetual financial safety and growth of North Carolina charitable nonprofit institutions and organizations. The Foundation is a statewide organization that has partnered with rural and previously underserved areas of our state to operate their own local community foundation affiliates. Since inception, the Foundation has worked to create these local affiliates, each with their own advisory board and community fund. Today, the Foundation partners with a network of affiliate foundations to ensure that charitable dollars benefit local communities across the state in perpetuity.

The Foundation administers endowments created by individuals, corporations, organizations and other foundations to ensure the financial security of our state’s charitable organizations and causes. The Foundation employs professional investment management companies, and an independent investment consulting firm assists the Foundation’s Board of Directors (the “Board”) in monitoring performance for long term growth. An annual audit along with quarterly financial reporting for each permanent endowment ensures that the Foundation will always be accountable to donors, grantees, and the communities it serves.

The Foundation encourages donors of all means and backgrounds to establish endowments to meet their charitable objectives without the burden of complicated investment, management, and administrative fees and duties. We make philanthropy enjoyable by providing research on charitable needs, a wide range of options for establishing and contributing to endowment funds, high quality investment management, professional staff assistance with grant distributions, and donor recognition.

Committed affiliate advisory board members, thousands of donors, a dedicated staff, and statewide Board of Directors have made the NCCF one of our state’s leading philanthropic institutions. Our constituents are served by a professional staff operating from strategically located regional offices across the state.



North Carolina Community Foundation Mission

The North Carolina Community Foundation's mission is to inspire North Carolinians to make lasting and meaningful contributions to their communities.

- *We succeed through a unique statewide network of affiliates that leverages the collective power of local leadership to effect meaningful change throughout North Carolina.*
- *We built partnerships to strengthen our state through measurable, sustainable strategies that benefit all citizens.*
- *Our commitment to excellence supports stewardship through our transparency, integrity and accountability.*

FREQUENTLY ASKED QUESTIONS

GENERAL

What is a Community Foundation?

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors for the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state.

Community foundations provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations. The Cleveland Foundation is the oldest; the New York Community Trust is one of the largest.

Community foundations:

- represent the entire community
- make grants in all areas
- meet the public support test
- have boards that are broadly representative of the communities they serve
- are primarily grantmakers (rather than program deliverers)
- serve defined geographic areas, usually no larger than a state
- make grants to multiple grantees
- have variance power
- establish permanent, named funds with the goal of endowment building

What is the North Carolina Community Foundation?

The North Carolina Community Foundation (NCCF) is the only community foundation serving the entire state of North Carolina, comprised of a network of local community foundation affiliates. In addition, we support a collection of more than 1,200 (and increasing) permanent endowed charitable funds created by individuals, families, companies, organizations, and governmental entities to benefit different charitable organizations and causes throughout North Carolina and beyond.

How is the Foundation governed?

The Foundation is governed by a statewide Board of Directors made up of business and community leaders. Our directors may serve for two consecutive three-year terms and are elected by their peers.

How is the Foundation financed?

The Foundation is sustained by its own endowment, by fees, and by gifts from individuals, corporations, and grants.

Are there other community foundations in North Carolina not associated with NCCF?

There are more than a dozen other independent community foundations located across North Carolina. Many of these are located in metropolitan centers of the state, such as the Winston-Salem Foundation (North Carolina’s oldest community foundation).

Since we are a statewide foundation, we are committed to focusing our efforts in communities and counties that can benefit most from our affiliate programs – including a special commitment to rural communities and those not currently being served by another community foundation.

What is the difference between a public and private foundation?

As distinguished from a private foundation, a community foundation is a public charity – a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and that *receives its financial support from a broad segment of the general public.*

How does the Foundation compare to the United Way?

The United Way raises money each year and distributes all that it collects to qualifying organizations (the charitable checkbook). The Foundation administers permanently endowed funds that, for the most part, distribute a portion of income in grants each year (the charitable savings account). Interestingly, several United Ways have chosen to establish endowment funds with NCCF to cover their administrative costs.

AFFILIATES

What is an “affiliate” community foundation?

In order to reach and serve a broader expanse of territory, a number of community foundations across America have created semi-autonomous “affiliates.” These entities conduct *local* grant-making and asset development but derive economies of scale by drawing *centralized* legal and accounting services from larger community foundation partners.

What does it mean to be an affiliate of the North Carolina Community Foundation?

With the consent of the NCCF, an affiliate is generally formed upon (1) the adoption of operating policies agreeing to support the mission of the NCCF, and (2) the establishment of a community unrestricted fund.

Where are NCCF affiliates located?

NCCF serves a network of local community foundation affiliates across the state. Regional offices provide grassroots oversight and access, and the statewide office in Raleigh delivers services that sustain this unique network.

FUNDS

What types of charitable funds do you administer?

There are five basic fund types. Community (Unrestricted) funds are used for the most pressing needs of the day, as determined by the Foundation's Board of Directors. Field-of-interest and geographic region funds recommend a broad area of interest of the endowment's creator (e.g. health care, children, the environment, a particular locale, etc.) Designated funds are earmarked to benefit a particular nonprofit organization. Donor advised funds are funds in which the charitable individual (or his or her designees) reserves the right to recommend grants, and Scholarship Funds provide grants for educational purposes. (See Section III: Types of Funds for more information.)

What is the minimum amount I must give to establish a fund at the Foundation?

The minimum gift required to establish most types of funds is \$25,000, though a Scholarship Fund requires an opening gift of \$40,000. The initial gift may be from one donor or from many people. Note: A non-endowed donor advised gift fund may be started with an initial gift of \$10,000, but it must also maintain a balance of \$10,000.

What ongoing fees are there? Our annual fee structure depends on the type of fund and ranges from 1 to 2%, with a minimum annual fee of \$250. Scholarship funds have a minimum annual fee of \$800.

Can I get my money back if I change my mind?

Gifts to the Foundation are irrevocable. The decision to partner with the Foundation is a serious one, and we always encourage prospective clients to discuss their intent with their financial or legal advisors.

Can I make a gift to the Foundation and retain income for myself or for a family member?

A donor may retain a life income interest through a charitable remainder trust (CRT). Though the NCCF does not serve as trustee for CRTs, we are happy to work with you and your financial advisors to determine if this type of gift is right for you.

Do I need to come to your office to discuss establishing a fund?

No. We can talk with you on the phone, communicate by email, or visit you in your home or office to discuss a possible gift or gift plan.

Why do donors establish funds at the Foundation instead of giving directly to their favorite nonprofit organizations?

Many donors do make direct gifts to their favorite nonprofit organizations. But some donors have a desire to provide ongoing support in perpetuity. Many feel more comfortable making those gifts through the Foundation because of our permanence, our professional investment management, and our oversight role in making sure their wishes are met by the recipient organizations.

Can I recommend gifts to charities outside of North Carolina?

We allow grant distributions anywhere in the U.S., as long as recipients are nonprofit organizations qualified as 501(c)(3)s.

How long does it take to get a fund established?

Once decisions are made about the type of fund you want and the asset you wish to donate, necessary paperwork can be prepared very quickly.

What benefits and services do I receive as a Donor?

The Foundation enables individual donors of all means to establish endowments without the burden of complicated investment management and administrative fees. We make gift giving easy for donors by providing research on charitable needs, a wide range of options for establishing funds, high quality investment management, professional advice on giving options and their tax consequences, regular audit and reporting mechanisms, involvement in grant distribution, and donor recognition.

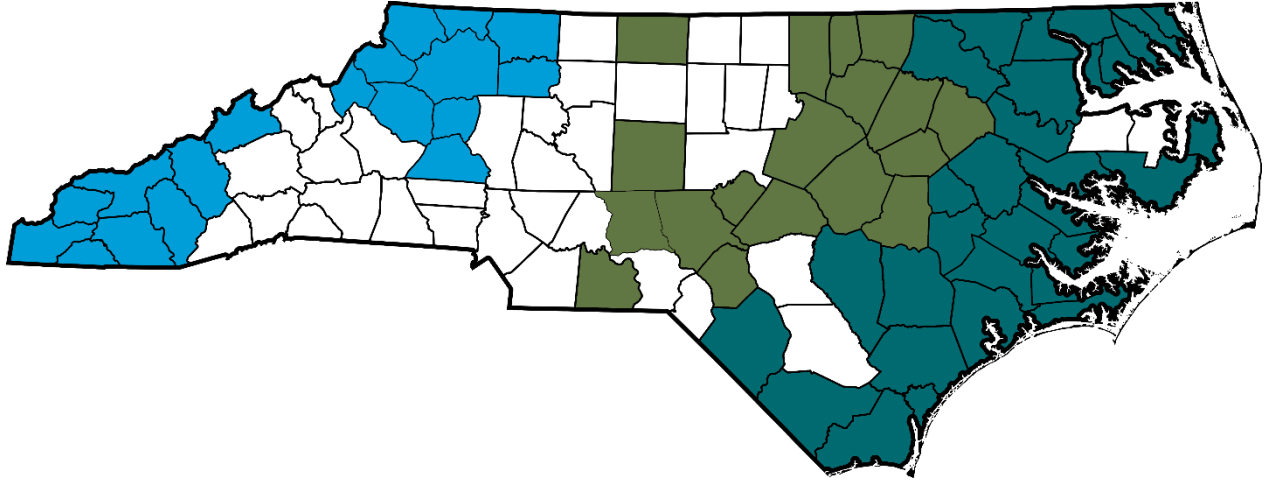
What benefits do we receive as an organization? Why should I entrust our organization's endowment to NCCF?

The Foundation manages endowment funds so that the organization can do what it does best – deliver services. We relieve your organization of the expenses of many administrative tasks such as bookkeeping, income tax accounting, legal counsel and investment management. We can also act as a catalyst to find donors for your organization. Ultimately, the Foundation helps your organization prepare for a sound financial future by providing an endowment vehicle that will ensure continued financial growth and stability.

What are the Foundation's investment guidelines? How are these established?

A moderate asset allocation of 70% equity (stocks), 20% fixed income, and 10% alternative investments is appropriate for the long-term perspective of philanthropic investing and the investment objective to preserve fund principal and an appropriate return. Primary fiduciary oversight for funds held by the NCCF resides with the Board of Directors of the statewide Foundation (NCCF). Investment policy is the responsibility of the NCCF Finance Committee, which is charged with establishing and overseeing investment policy.

Communities served by NCCF



Western regional office

(Serving Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Cherokee, Clay, Graham, Haywood, Jackson, Macon, Madison, Surry and Swain counties and the Eastern Band of Cherokees community)

Colby Martin, Community Leadership Officer cmartin@nccommunityfoundation.org
828-358-0030

Central regional office

(Serving Anson, Edgecombe, Franklin, Granville, Halifax, Harnett, Hoke, Johnston, Lee, Montgomery, Moore, Nash (Futrell-Mauldin), Northampton, Randolph, Rockingham, Vance, Warren, Wayne and Wilson counties and the Cary community)

Dawn Neighbors, Community Leadership Officer
dneighbors@nccommunityfoundation.org
910-292-4437

Eastern regional office

(Serving Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Duplin, Gates, Greene, Hertford, Hyde, Jones, Lenoir, Martin, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Robeson and Sampson counties)

Natalie Peel, Community Leadership Officer
npeel@nccommunityfoundation.org
252-562-9824



Section II: Role of the Local Affiliate

Contents of this Section

- Board Member Information Form
- Confidentiality Agreement
- Board Member Conflict of Interest Policy
- Whistleblower and Fraud Reporting Policy
- Board Member Nominee Recruitment Form
- Board Member Skills Matrix
- The North Carolina Community Foundation Affiliate System
- Roles and Responsibilities of the Affiliate Board
- Job Descriptions of NCCF Affiliate Board Officers
- Committees and Tasks
- Building an Effective Affiliate Board



AFFILIATE ADVISORY BOARD MEMBER INFORMATION FORM

Name: _____ Today's Date: _____
 First Middle Last

Please Check one: Mr. ___ Ms. ___ Mrs. ___ Dr. ___ Reverend ___ Honorable ___ Other ___

Affiliate Board Name: _____

Beginning Date of Board Service: _____

Birthday (no year): _____

Employer: _____

Spouse's Name: _

Preferred Contact Information:

Address: _____

City, State, Zip: _____

Phone: (H) _____ (C) _____ (O) _____

Email: _____

Current community and/or professional organization affiliations:

_____ Position: _____

_____ Position: _____

_____ Position: _____

Awards and/or recognitions: _____

Hobbies and Interests: _____

Education: University/College attended: _____

Degree: _____

The NCCF may use my name and likeness for publicity and/or educational purposes online, via social media, in video and/or in printed materials relating to the North Carolina Community Foundation.

_____ Yes _____ No

Confidentiality Agreement

For

Board of Directors, Affiliate Board Members, Committee Members, Consultants and Staff Members

By signing below, I acknowledge that

- 1. I have received a copy of the confidentiality policy;***
- 2. I have read and understand the policy;***
- 3. I agree to abide by this policy to the best of my ability in my roles as a Board member or Affiliate Board member, Committee member, Consultant or Staff Member.***

I acknowledge and agree that all confidential information and/or grant files, contribution files, donor records, donor lists, charitable gift information, resource development data, manuals, letters, contracts, agreements, notes, notebooks, records, reports, memoranda and all other Foundation materials, documents and data used, prepared or collected as part of my work with the Foundation, in whatever form, are and will remain the property of the Foundation.

Additionally, I acknowledge and agree that all confidential discussions with which I am a part in the course of my work, whether discussions at board meetings or board committee meetings, shall remain confidential information of the Foundation.

Accordingly, I agree that at the end of my relationship with the Foundation, I will destroy or return to the Foundation all Foundation documents and other materials or any kind which constitute or contain any confidential information, in my possession or control, regardless of how stored or maintained, including all originals, copies and compilations and all information stored or maintained on computer, tapes, discs, E-mail or any other form or technology.

Signature: _____

Date: _____

Printed Name: _____



**NORTH CAROLINA COMMUNITY FOUNDATION
CONFLICT OF INTEREST POLICY
FOR BOARD MEMBERS, AFFILIATE BOARD MEMBERS,
COMMITTEE MEMBERS AND STAFF MEMBERS**

Purpose of this Policy

The North Carolina Community Foundation (NCCF) strives to maintain the highest ethical standards in all policies, procedures and programs and to avoid conflicts of interest whenever possible. Therefore, NCCF keeps written documentation of all actual or potential conflicts. Each director, affiliate board member, or committee member has the duty to place the interests of NCCF foremost in any dealings on behalf of NCCF, and has a continuing responsibility to comply with this policy. Although conflicts of interest are not inherently unethical, we've seen a greater demand for transparency in the not-for-profit sector. Some, but not all, conflicts are required to be disclosed on the organization's IRS Form 990-*Return of Organization Exempt from Income Tax*. At NCCF, Board members, affiliate board members, committee members and staff members are expected to abstain from voting on matters where a conflict is determined to exist. This Policy sets forth guidelines for evaluating, reporting and handling potential and actual conflicts.

Definition of Conflict

A conflict of interest exists when the personal or professional interests of a director, affiliate board member, committee member or staff member affects his or her ability to be objective. As board members, affiliate board members, committee members and staff members are likely to be affiliated with one or more organizations in their communities, both on a professional and a personal basis, it is not unusual for actual or potential conflicts of interest to arise. However, it is expected that no director, affiliate board member, committee member or staff member shall use his or her position in such a manner that a conflict arises between the interests of the NCCF (or any of its Affiliates) and his or her personal or professional interests.

These individuals set forth above are asked to weigh carefully all circumstances and relationships in which there exists the possibility of any accusation of self-interest. For the purposes of this Policy, the "family" of an individual is meant to include his or her life partner, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and life partners of brothers, sisters, children, grandchildren, and great-grandchildren.

1. Do I Have a Conflict of Interest?

- a. Could you, a close friend, client, or a member of your family obtain a non-incident benefit or substantial personal gain from the Foundation?
- b. Do you or a member of your family have an actual or potential ownership or investment interest in any entity with which the Foundation has or had a transaction, contract, investment, or compensation arrangement?
- c. Did you or a member of your family own over 35% of, or hold a key position in, a company that did or does business with the Foundation? "Doing business" includes, but is not limited to, compensation for services performed, furnishing of goods, services, or facilities, or any sale or exchange of cash or property valued in excess of \$10,000.

- d. Did the Foundation or one of its community affiliates make a grant to a nonprofit organization of which you or your immediate family serve or served as an officer, director or employee?
- e. Did you have a family or business relationship with any other member of the Foundation’s Board of Directors, its officers or employees?
- f. Did the Foundation or one of its community affiliates make a scholarship award to an individual, or for the benefit of an individual, who is related to you?

If the answer to any of the above questions is “yes,” you must:

- a. Announce that you will not participate in the discussions on the matter and that you will not vote;
- b. State generally the nature of your interest;
- c. If asked to do so by the President, leave the room while the matter is being discussed;
- d. Document conflict of interest in minutes of meeting.
- e. If a staff member has a conflict of interest, she should disclose it to her supervisor who will document the conflict, and said staff member should refrain from participating in any decisions or activities where her own professional and/or personal interest conflicts with NCCF’s interest.

2. In Advance of a Meeting

If you are aware of your potential conflict of interest before the meeting, you may submit, in writing, notice of your conflict of interest and may rely upon the President to announce that you will not participate in the discussions or vote.

3. Membership Conflict

This policy is not intended as a substitute for the “disqualified persons” or “inurement” prohibitions established in federal and Internal Revenue Service regulations. The Conflict of Interest Policy is created in an effort to further the sound practices of the North Carolina Community Foundation.

Signed by:

Name: _____

Date: _____

Print Name: _____

Position: _____

Known Conflicts (please briefly describe):



WHISTLEBLOWER & FRAUD REPORTING POLICY

Originally Adopted on October 23, 2008

Revised and Adopted on March 29, 2012

Purpose

It is the policy of the North Carolina Community Foundation that its operations are conducted according to the highest standard of integrity, and that its officers, directors, employees, consultants, volunteers, interns, vendors, and other agents observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the organization, all applicable laws and regulations must be followed, honesty and integrity must be practiced in fulfilling all responsibilities and all situations must be avoided that might conflict with responsibilities undertaken on behalf of the community foundation. It is a federal crime for any organization – nonprofit or for-profit- to retaliate against a “whistleblower” who reports illegal, unacceptable, or suspicious activity (“Concerns”). The following is intended to encourage and enable the reporting of Concerns within the Foundation in order to prevent, detect and correct improper activities.

Scope

All officers, directors, employees, including temporary employees, consultants, volunteers, interns, vendors and other agents are covered by the scope of this policy and its guidelines.

Policy

The objectives of the Whistleblower and Fraud Reporting Policy (“Policy”) are to establish policies and procedures for:

- Reporting Concerns on a confidential, anonymous basis regarding
 - questionable accounting or auditing matters,
 - violation or noncompliance with a state or federal statute, rule or regulation,
 - violation of Foundation policies and procedures, or
 - unsafe working conditions or work practices in the exercise of Foundation business, either at the offices of the Foundation or elsewhere by employees, officers, directors, volunteers or other agents of the Foundation;
- Receipt, retention, and treatment of complaints received by the organization regarding such Concerns; and
- Protection of anyone reporting Concerns in good faith from retaliatory actions.

A. Reporting Responsibility

It is the responsibility of all those noted in the Scope of the Policy to report questionable or improper accounting or auditing matters or other Concerns as described above.

B. No Retaliation

No officer, director, employee, including a temporary employee, consultant, volunteer, intern, vendor or other agent who reports a Concern in good faith shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Any individual who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

C. Procedures for Reporting Concerns

1. **Employees and Consultants.** Whenever possible, an individual should seek to resolve Concerns by reporting issues directly to his supervisor. If, for any reason, the individual is uncomfortable speaking to his supervisor or does not believe the Concern is being properly addressed, the individual should report the Concern directly to the President/CEO of the Foundation. If the individual does not believe that these channels of communication can or should be used to express his Concern, the individual should report the Concern directly to a member of the Foundation's Audit Committee. Concerns may also be submitted anonymously in writing or via voice mail to an Audit Committee member. Contact information for the President/CEO and a listing of Audit Committee members may be obtained from the Foundation's website or by calling the Foundation at (919) 828-4387.
2. **Officers, Directors, Interns, Volunteers, Vendors and Other Agents.** Officers, directors, interns, volunteers, vendors and other agents may report Concerns to the President/CEO or directly to a member of the Foundation's Audit Committee. If the officer, director, intern, volunteer, vendor or other agent is uncomfortable reporting to any of these individuals, or is he does not believe the Concern is being properly address, the report should be escalated directly to the Chair of the Foundation's Board of Directors.

D. Handling of Reported Concerns

All reported Concerns filed in accordance with this policy will be investigated by the Foundation with due care and promptness. Matters reported internally without initial resolution will be investigated by the President/CEO of the Foundation to determine if the allegations are true, whether the issue is material and what actions, if any, are necessary to correct the problem. The Foundation staff will issue a full report of all matters raised under this policy to the Audit Committee.

For matters reported directly to a member of the Audit Committee or the President/CEO, the Audit Committee shall promptly acknowledge receipt of the complaint to the complainant if the complainant is known. An investigation will be held to determine if the allegations are true, whether the issue is material and what corrective action, if any, is necessary. Upon the conclusion of this investigation, the Audit Committee shall promptly report its findings to the Executive Committee of the Board.

The Audit Committee shall have full authority to investigate Concerns raised in accordance with this policy and may retain outside legal counsel, accountant, private investigators, or any other resource that the committee reasonably believes is necessary to conduct a full and complete investigation of the allegations.

E. Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, a violation of state or federal law, a violation of the Foundation's policies and procedures or another Concern described above. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

F. Confidentiality

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of Concern to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

G. Policy Distribution

This policy will be distributed to all officers, directors, employees and volunteers (where possible) of the Foundation, shall be included in the Employee Handbook and shall be posted on the Foundation's website so that Concerns may be reported by external parties.

Board Member Nominee Recruitment Form

Board Nominee Name: _____

Mailing address: _____

Phone: _____ Email: _____

In addition to the commitment of time, board members bring many skills to the work of the affiliates. Please indicate skills and background for the nominee in the following areas:

	Strongly applies to me	Somewhat applies to me	Does not apply to me	Please describe
Wealth management knowledge				
Nonprofit experience				
Marketing/Public relations				
Social media				
Public speaking				
Knowledge of local issues				
Fundraising				
Community leadership role(s)				
Organizational planning				
Regional/state connections				
Other skills:				
Connections within the county or region:				
Civic groups/faith-based orgs.:				
Professional associations: (Chamber of Commerce, etc.)				
Other Board service:				
Current Fundholder or Planned Gift	Yes: _____		No: _____	
Age:	25-35	36-45	46-55	55 and above
Occupation: _____				
Note: The skills and connections listed above are suggested as important to the work of the affiliate board. This is not intended to imply that these are the only ones that can contribute to its work.				

Return form to: Staff Name: _____ Address: _____

Fax #: _____ Email: _____

Board Member Skills Matrix – Year _____

	Board Member Name																	Occupation	
		Accounting/Financial/Legal Expertise	Nonprofit Experience	Marketing/Public Relations	Social Media	Public Speaking	Knowledge of Local Issues	Fundraising	Community Leadership	Organizational Planning	Connections within County or Region	Civic Groups/Faith-based Orgs	Professional Associations	Current Fundholder/Planned Gift	Gender	Age			
1																			
2																			
3																			
4																			
5																			
6																			
7																			
8																			
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17																			
	TOTAL																		

THE NORTH CAROLINA COMMUNITY FOUNDATION AFFILIATE SYSTEM

What is an AFFILIATE?

In order to reach and serve a broader expanse of territory, a number of community foundations across America have created semi-autonomous “affiliates.” These entities conduct *local* grantmaking and asset development, but derive economies of scale by drawing *centralized* legal and accounting services from larger community foundation partners.

What does it mean to be an affiliate of the North Carolina Community Foundation?

With the consent of the NCCF, an affiliate is generally formed upon (1) the adoption of operating policies to support the mission of the NCCF, and the establishment of a community unrestricted fund.

Governance and Legal Parameters: By definition, an affiliate is an unincorporated legal entity that works under the general auspices of the North Carolina Community Foundation, Inc. (holder of the 501(c)(3) charitable status). In technical terms, the NCCF is known as the “lead” foundation, and bears fiduciary oversight for the acts of its local affiliates.

As lead foundation, NCCF provides investment management, fund accounting, planned giving expertise, routine administrative services, legal counsel, training in asset development, marketing and grantmaking services to each affiliate. *There is no fee charged by NCCF to the affiliate for these services.**

Advantages of affiliation: While simple in concept, the establishment and administration of a community foundation is a complex and costly matter. The legal and accounting requirements of a full-service community foundation generally exceed the capacity of many communities to afford. A carefully structured affiliation, on the other hand, eliminates the drain of local resources to administrative and management costs, freeing more charitable dollars to flow to addressing pressing community needs.

General Role of the Affiliate Board: Freed from the obligations and responsibilities of managing and funding a separate 501(c)(3), the affiliate board is able to pursue those activities that can truly make their affiliate an effective voice for philanthropy in the community.

*Individual endowment funds are charged an administrative fee to cover basic fund reporting and other fund-specific services. This includes the 1.5% annual fee charged to the affiliate’s unrestricted fund. This is the sole fee paid by any affiliate for the routine services of the NCCF.)

ROLES AND RESPONSIBILITIES OF THE AFFILIATE BOARD

The North Carolina Community Foundation accomplishes its mission of enabling North Carolinians of all means to make lasting and meaningful contributions to their communities through its network of affiliate foundations. These affiliates marshal resources, encourage community dialogue, and build permanent assets that enrich the quality of lives of our citizens.

As with any other endeavor, the critical factor in determining success for your affiliate is leadership. Affiliate board members should be selected based on their knowledge of the educational, cultural, civic, moral, public and other charitable needs of the community, as well as on the basis of their activity in public institutions, businesses, educational, or other organizations in the area being served. They should also represent the geographical and cultural diversity of the area.

It takes enthusiasm, energy, good judgment, planning, creative ideas, focused work, and a sense of humor to build and sustain a productive board.

Serving as an affiliate board member is an opportunity to make a lasting and meaningful difference in the well-being of your community. We hope your affiliate service will be one of your life's most rewarding and satisfying endeavors.

Role of the Affiliate Advisory Board:

1. Create awareness of philanthropy in the community.
2. Select effective board leadership.
3. Encourage local donors to establish charitable endowment funds.
4. Raise funds for the Affiliate Community (Unrestricted) Endowment.
5. Make recommendations for grant distributions from the Affiliate Community (Unrestricted) Endowment based on an assessment of community needs.

Responsibilities of Each Affiliate Board Member:

1. Serve a 3-year term (unless specified otherwise by affiliate operating policies).
2. Attend regular and called meetings of the board.
3. Make an annual financial contribution to the Community(Unrestricted) Endowment and/or to another fund of your choosing.
4. Assist in fundraising activities for the Community (Unrestricted) Fund.
5. Encourage the establishment of additional charitable funds by nonprofit organizations, individuals and families, and corporations.
6. Publicize the work of the Foundation through your own network of friends, family, religious, civic and nonprofit organizations.

ADVISORY BOARD OFFICERS

The officers of the Advisory Board of Directors will be elected at the fourth quarter meeting of the affiliate. All officers so elected will serve a two (2) year term.

Responsibilities. The responsibilities of the officers will be as follows:

The President will supervise and control the day-to-day operations of the affiliate in accordance with NCCF policies and these Affiliate Operating Policies. In performing his/her duties, the President will:

- Work closely with NCCF staff to plan and carry out the work of the affiliate.
- Conduct all meetings of the Advisory Board of Directors (including the preparation of a meeting agenda with the NCCF Community Leadership Officer).
- Oversee the appointment of committee chairs and members.
- Act as an ex officio member of all committees.
- Assure that fundraising efforts are ongoing.
- Encourage all Advisory Board of Directors members to make a yearly contribution to the CF Community Fund or a fund within the NCCF “Family of Funds” in the __CF’s geographic area of focus.
- In the absence of a NCCF Community Leadership Officer or the Treasurer, take custody of any funds generated by an affiliate event and transmit such funds directly to NCCF.
- Perform such other duties and have such other authority and powers as the Advisory Board of Directors or NCCF may from time to time prescribe.

A Vice-President, if elected by the Advisory Board of Directors, will report to the President. In performing his/her duties, a Vice-President will:

- In the absence or disability of the President, perform the duties and have the authority and exercise the powers of the President until such time as a new President is duly elected.
- In the event of the President’s absence or disability, and no Vice President having been selected, the Executive Committee will collectively perform the duties of the President until a new President has been duly elected by the Advisory Board of Directors.
- Perform such duties and have such other authority and powers as the Advisory Board of Directors may from time to time prescribe, or as the President may from time to time delegate.

The Secretary reports to the President. In performing his/her duties, the Secretary will:

- Give or cause to be given, notice of all meetings of the Advisory Board of Directors when notice of such meetings is required.

- Attend all meetings of the Advisory Board of Directors and record all votes, actions, and the minutes of all proceedings.
- Send all local publicity related articles to NCCF.
- Perform such other duties and have such other authority and powers as the Advisory Board of Directors may from time to time prescribe or as the President may from time to time delegate.
- In the event of the absence of the Secretary from any meeting, the President may appoint any then-present Advisory Board of Directors member to assume temporarily the duties of the Secretary.

The Treasurer reports to the President. In performing his/her duties, the Treasurer will:

- Receive financial information from NCCF (e.g., quarterly financial statements) regarding the affiliate's area of focus and report such information to the Advisory Board of Directors.
- Insure compliance by the affiliate with all financial policies of NCCF relating to the affiliate's operations.
- Assist with the collection of funds and record keeping for special events and fundraisers.
- In the absence of a NCCF Community Leadership Officer, take custody of any funds generated by an affiliate event and transmit such funds directly to NCCF.
- Perform such other duties and have such other authority and powers as the Advisory Board of Directors or NCCF may from time to time prescribe.

COMMITTEES AND TASKS

An effective affiliate board should give special consideration to *how* it will accomplish the many tasks associated with a community foundation. The board can establish a combination of standing committees and ad hoc task groups to help as needed. Committees are a wonderful way to involve other interested members of the community and are a valuable source of new board members.

Listed below are some examples of committees that can help carry out the affiliate's work.

Community Leadership:

- Develop plans to identify community needs
- Discuss opportunities for the affiliate to act as a catalyst, convener, or connector for these needs
- Recommend to the full board specific initiatives or projects, such as hosting or co-hosting educational forums about the issue(s), collaborating with other stakeholder groups (including fundholders), serving as a conduit to share information between organizations, etc.

Governance/Board Development:

- Have a Nominating Committee in place year round
- Recruit new board members
- Work with your Community Leadership Officer about ongoing board development and training
- Ensure effective short- and long-term planning

Grants and Scholarships:

- Conduct annual community grantmaking process (*see Section V, Grantmaking*)
- Host workshops for nonprofits about grantmaking
- Conduct site visits of grantees
- Review scholarship applications for associated scholarship funds (this role may be undertaken by a separate Scholarship Committee, if preferred)

Public Relations/Marketing:

- Take photographs of grant recipients, special events, and board functions and post them on social media
- Speak to community groups about the Foundation

Resource Development:

- Identify donor prospects and assist staff in arranging meetings
- Solicit special gifts and assist with new funds
- Host planned giving programs and professional advisor events

BUILDING AN EFFECTIVE AFFILIATE BOARD

Skills that benefit an affiliate advisory board

Affiliate boards benefit from a cohesive balance of talent and clearly defined roles and expectations.

“The Community Foundation Handbook” (COF, 2006) suggests the following criteria for prospective board members:

- Commitment to the values, vision and mission of the community foundation
- Wisdom and experience
- Ability and willingness to serve on the board
- Community visibility
- High personal ethics
- Willingness to raise money
- Willingness to give money relative to their personal circumstances
- Legal or accounting knowledge, or contacts with professional advisors
- Contacts with banking institutions
- Contacts with high net worth individuals
- Civic leader experience
- Experience as entrepreneurs and business leaders
- Management knowledge regarding internal policies and procedures
- Marketing and communications skills
- Knowledge of the community

New Board Member Orientation

Shortly after election to membership, a new board member should receive a comprehensive orientation to the affiliate, covering the following information and materials: (much of this information may be found in the affiliate board notebook)

- What is a community foundation?
- What is the history and mission of the N.C. Community Foundation?
- What does it mean to be an N.C. Community Foundation affiliate?
- Your affiliate’s Blueprint for Success
- Your affiliate’s board makeup and committee structure?
- What are board member roles and responsibilities?
- Your affiliate’s calendar



Section III: Resource Development

Contents of this Section

- Role of the Affiliate Board in Resource Development
- Types of Funds
- Giving
- Your Affiliate Community Unrestricted Fund
- Proven Strategies for Growing Your Community Fund
- “Guidelines for Fundraising”

Role of the Affiliate Board in Resource Development

With their local knowledge and perspective, unique skills, varied contacts and experiences, affiliate board members are essential to building strong relationships for the foundation in their communities. Affiliates raise local dollars to address local needs and concerns. As board members, you can help to build bridges to local donors and their advisors who may have an interest in creating or contributing to funds in your county or region.

The following are ways affiliate board members can be involved in resource development:

Personal Giving

1. Open a fund.
2. Make a meaningful gift to your Community Unrestricted Fund.
3. Have a conversation with your Community Leadership Officer about making a Legacy Gift.

Donor Identification and Cultivation

1. Provide your Development Officer with a list of all the professional advisors you know in your area.
2. Host or attend a party for potential and/or existing donors.
3. Invite guests to attend affiliate-hosted events (grant site visits, grant awards program, fundraisers, etc.).
4. Join your Development Officer on a visit with a potential donor and/or professional advisor.
5. Send a thank you note or make a call to a donor.
6. Identify individuals and organizations in your sphere of influence who are potential donors to the Foundation. Meet with your Development Officer to develop outreach strategies for these prospects.

Best Practice Tip:

APPOINT A BOARD COMMITTEE TO LEAD THE FULL BOARD'S PLANS FOR RESOURCE DEVELOPMENT.

Resource Development Committee

Responsibilities of the Resource Development Committee

1. Approve annual development plan for the affiliate's asset development activities.
2. Become knowledgeable of the products and services used to involve donors in the work of the Foundation.
3. Become knowledgeable of the planned giving vehicles offered by the Foundation.
4. Encourage all affiliate board members to make an annual contribution according to their individual capacity ("100% Giving" campaign).
5. Assist your Community Leadership Officer in identifying appropriate recognition for donors.
6. Annually review performance of affiliate's resource development plan.
7. Report to the advisory board members on the activities and impact of the affiliate's development efforts.

TYPES OF FUNDS

Individuals, families, corporations, institutions or nonprofit organizations may establish funds with the North Carolina Community Foundation. We offer our donors many ways to meet their charitable goals. **Most NCCF funds operate as perpetual endowments**, distributing only income. Others distribute income and/or principal based on the intent of the donor or nonprofit client.

Donor advised funds are vehicles that allow donors to simplify and streamline their charitable giving. By establishing a tax-deductible donor advised fund with NCCF, donors can centralize their charitable donations, making giving easy, flexible and rewarding. Minimum to establish: \$25,000*

Field-of-interest funds are established to make grants to a particular cause or purpose designated by the donor. The donor decides the fund's focus, such as education, the arts, the environment, or animal welfare, and grants are always made from the fund to organizations and programs working in that selected field. Minimum to establish: \$25,000

Designated funds are established to provide ongoing financial support to one or more specific nonprofits. This vehicle is an excellent option for donors who wish to provide a long-term benefit to one or more charitable organizations, but who prefer not to give the entire amount directly to the charity at once. Minimum to establish: \$25,000

Agency funds are established by a nonprofit organization to provide an annual source of income to support the organization's mission. An organization placing its endowment with the NCCF directly benefits from inclusion in a large portfolio with access to experienced investment managers and administration of endowment services. Minimum to establish: \$25,000

Scholarship funds provide grants for educational purposes at both undergraduate and graduate levels. Donors may recommend an academic focus for their scholarship fund (such as nursing, the arts or engineering) and eligibility criteria (including financial need, academic merit, geographic residence and/or community service). NCCF offers two types of scholarship endowments: **comprehensive** and **designated**. \$40,000. Minimum to establish: \$25,000

Non-endowed gift funds are established by donors with no intent to preserve the principal. A donor may establish a gift fund and recommend distributions to a desired charitable beneficiary or cause immediately or over time. Distributions may not take the fund below the required minimum balance. Non-endowed gift funds are not set up for long-term growth.

**A donor advised gift fund may be established with a minimum gift of \$10,000. Any fund balance over \$10,000 may be distributed in grants, but the fund must retain a balance of \$10,000 at all times.*

GIVING

What to give

The North Carolina Community Foundation accepts many types of charitable gifts, which are tax-deductible to the fullest extent allowed by law. Among the types of contributions that can be used to fund an endowment are:

- Cash (or checks) – often the simplest and most convenient form of gift
- Publicly traded securities (equities, bonds, mutual funds)
- Closely held stock*
- Real estate*
- Tangible personal property*

**These require prior approval and may have other conditions of acceptance.*

Ways to give

In addition to the types of contributions listed above, there are many other ways a donor may establish an endowment fund or give to an existing fund. Many of these methods involve planned gifts or estate planning, which may provide donors and their heirs the benefit of lower income and estate taxes.

- Gifts by will or testamentary transfers
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan assets
- Life insurance
- Private foundation transfers

YOUR AFFILIATE COMMUNITY UNRESTRICTED FUND

What is it?

The Affiliate Community Unrestricted Fund is also referred to as the “Community Fund,” or the “Community Grantmaking Fund,” or by yet another name the board may have given to it.

- This is the one fund for which the affiliate board raises money.
- This is the fund that is used to address local community needs as presented annually from other nonprofit organizations through the grant application process.
- This is the long-term fund to support the future and ever-changing needs of each affiliate.
- This fund has a direct impact on your community now and in the future.
- This is the one fund for which the affiliate board has direct responsibility.

HOW TO GROW YOUR COMMUNITY FUND

This section will provide you with helpful ideas and fund-raising tips to successfully grow this fund. The Community Fund should grow as each affiliate grows in overall assets. It takes a little effort every year, but the end result of having more grant money to help you address community needs, makes it worthwhile. In many communities, this fund will provide the greatest support to other nonprofits and to the community as a whole in the years to come.

Once the Fund has been established, any gift in any amount can be made by anyone, at any time, to support this fund or any fund held at NCCF.

The process begins with *each board member* because it is most difficult to ask others to support something you have not financially supported.

Annual Chairman’s Challenge campaign: The NCCF’s annual Chairman’s Challenge campaign has become the core means by which most NCCF affiliates choose to boost their unrestricted funds. (See Proven Strategies, next page)

Here are some other giving strategies that have worked in many affiliates:

- Make a gift in honor of a loved one’s special day
- Make a memorial gift in memory of someone in the community
- Ask for a gift as your own birthday present
- Pay tribute to an employee or several employees
- Honor another volunteer in your community or on your board
- Remember – charitable contributions are tax deductible to the fullest extent allowed by law.
- Ask individual donors make gifts to grow the fund.
- A business or individual donor provides a challenge to the community and match gifts that are given to the fund.
- Ask a local business to make a gift to the fund.

PROVEN STRATEGIES FOR GROWING YOUR COMMUNITY FUND

Over 90% of gifts given to charity each year come from individuals, with corporations, private foundations, and other charitable agencies making up the remaining amount. Thus, it would be a good idea to consider how to solicit monies to build your Community Fund from individual donors in your community. This can be done in a number of ways.

Estate Gifts

The best way to build your community fund is to have individuals in your community leave the Community Fund in their will through a testamentary gift. In recent years, the NCCF has become aware that certain affiliates will one day be the beneficiary of such gifts that will benefit a local community fund, often for large sums of money. Such gifts are cultivated over time and are often the result of educating local professional advisors about the benefits of an individual leaving an estate gift to the local affiliate's endowment fund.

Chairman's Challenge or other Annual Mailings

With the annual Chairman's Challenge campaign, the affiliate board works to create a mailing list of potential donors and sends a letter seeking contributions. A portion of these contributions are matched via a statewide pool of money donated by anonymous donors to the NCCF. This campaign is held annually, typically in the month of November

Outright Asks

The number one reason people give to a charitable cause is because they are asked to do so. Never underestimate the power of asking for a gift to your Community Fund. If a board member has a relationship with someone either in the community or originally from the community that has moved away, that board member is encouraged to approach the individual about a gift. What better way to leave a legacy in a community than give "the gift that keeps on giving" – a gift to the county's Community Fund. NCCF staff is available to accompany a board member on such a visit.

EDUCATION AND CULTIVATION EVENTS

- **Small Gatherings Hosted by Board Members (Friendraisers)**
An effective method of educating community members is for each board member to host a small, informal gathering and invite several friends who might have an interest in the Foundation at some point in the future. A board member could host a meal or simply invite several friends for cocktails at their home or favorite restaurant. A board member will usually say up front that they are not soliciting donations but rather sharing information and gathering ideas (unless of course you do want invitees to write a check).
- **Educational Events with Professional Advisors**
A number of local affiliates have hosted successful **professional advisor events** (receptions, luncheons, etc.) whereby they invite such individuals to a mostly social function with a brief program about the Foundation. Such events can be held at a private residence or a social club and range from more formal to less so, depending upon the character of the community. The local board with the assistance of their Community Leadership Officer compiles a list of potential invitees, sends an invitation, and then makes follow-up calls to ensure participation.

Note: events involving the serving of alcohol and events that involve 800 or more individuals are subject to the NCCF's Guidelines for Fundraising (see Appendix)

ROLE OF THE AFFILIATE BOARD IN DONOR ENGAGEMENT

Maintaining key relationships with valued donors is an essential part of the Foundation's work across North Carolina's communities.

And while Foundation confidentiality policies protect the privacy of a donor's *specific* financial contributions, there are nevertheless many opportunities for affiliate board members to engage donors from their areas.

Suggested strategies include:

- Host a small reception for area donors.
- Accompany staff to visit local agencies that hold endowments with the Foundation.
- Personalize holiday greeting cards to local donors from your local affiliate.
- Ensure that all area donors are invited to local community foundation-hosted events.
- Accompany staff on visits to donors to ensure good stewardship and build relationships.
- Intentionally thank local donors (calls, notes, letters) for their support of the Foundation.



Section IV: Grantmaking

Contents of this Section

- Welcome to Affiliate Grantmaking
- General Guidelines
- The Roles of Grantmakers
- Evaluating Community Need
- Avoiding Conflicts of Interest
- Hosting an Awards Program
- Conducting a Site Visit
- Ten Tips for Effective Grantmaking

Welcome to Affiliate Grantmaking

One of the key roles of a community foundation is its role as grantmaker. Giving away money would probably be at the top of each of our “fun” lists and tends to be one of the most appealing aspects of being an advisory board member. However, the truth is that grantmaking can be quite difficult and heart wrenching at times. The North Carolina Community Foundation is committed to more effectively serving donors, the nonprofit community and strengthening services provided to our local partners. An integral part in doing this is designing and implementing a strong community grants program with each of our affiliate partners. By providing this level of service, together, we can maximize our efforts in meeting the critical issues affecting our North Carolina communities.

It is essential that we conduct a community-wide or regional grants program that is inclusive. We encourage full participation from the community/ies by means of widely disseminating the information and providing technical assistance as appropriate. Additionally, the NCCF makes a commitment to ensure the charitable aspect of each grant and conducts a thorough review of each organization applying for grant funding.

The North Carolina Community Foundation’s program team commits to supporting our affiliate partners in their efforts to conduct strategic grants programs and in return requests that each affiliate advisory board assists in defining the overall objective and purpose of the grants program. The Foundation expects each affiliate to have one person responsible for coordinating the local grants program and to serve as the point of contact for the affiliate. Additionally, we place great value on each affiliate having a Grants Committee responsible for the overall coordination of the annual local grants program. Although the responsibilities may vary from one affiliate to another; the Grants Committee should be composed of advisory board members who are familiar with the community, best represent the demographics of the community, and understand the approaches and operations directed by the local affiliate board.

Thank you for your willingness to join us on this journey of leveraging the collective power of local leadership to effect meaningful change throughout North Carolina.

General Guidelines

Affiliates can choose to make grants that serve a variety of purposes. Typical grant options:

- **Project Support:** A project grant supports a prescribed set of activities to achieve a defined project outcome.
- **Seed Grants:** These support new organizations or programs. The grantee can use the funds for planning, feasibility studies, or start-up costs.
- **Research or planning grants:** Research and planning grants give organizations or individuals time, support and leverage to plan for and gather information on a specific project.
- **General or Operating Support:** these grants can be used for the full range of grantee activities, including operating expenses and overhead.

Affiliate advisory boards should be strategic in their grant recommendations and should seek the following when reviewing grant proposals:

- **Credibility:** Does the applicant organization know what it wants to accomplish? Is there evidence that it is currently achieving its goals?
- **Capability:** What skills do the organizations staff and board have? Has the organization succeeded in similar endeavors?
- **Feasibility:** Has the organization allotted enough time and money?
- **Importance:** Should this project be done? Is it addressing pressing community needs? Given your other funding requests, is this one worthy of support at this time?

Funds cannot be used for:

- Programs outside of the affiliate's geographic area unless directly benefitting citizens in that area
- Political purposes
- Individuals
- Lobbying
- Organizations which have not been determined to be tax-exempt
- Loans

Funds will normally not be used for:

- Annual fund campaigns
- Capital Campaigns
- Organizations whose primary function is to allocate funds to other charitable organizations or projects

The Roles of Grantmakers

The North Carolina Community Foundation is committed to supporting each affiliate's individual grants process, but recommends the following breakdown of roles:

Affiliate Grants Chair

- Familiarizes him/herself with NCCF's grantmaking process.
- Facilitates conversations among the Grants Committee and affiliate board to identify community needs.
- Convenes a Grants Committee meeting to review grant applications and formulate recommendations.
- Presents Grants Committee recommendation to the affiliate board for formal recommendation.

In some cases, the grants chair also:

- Works closely with Program Officer to increase the visibility of the community grants program.
- Works closely with NCCF staff to conduct a grantseekers workshop if one is held.
- Assists with the coordination of a grants celebration.
- Coordinates site visits and assists as needed with ensuring fiscal responsibility of grant recipients.

Grants Committee

- Works with your Program Officer to publicize grant opportunities.
- Conducts review of grant proposals and provides input on funding recommendations.
- Presents recommendations to affiliate board.
- Works with Program Officer to recognize grant recipients.
- Conducts site visits and shares written reports with NCCF staff.

Affiliate Board

- Examines community need on an annual basis and develops funding priorities and focus areas.
- Assists with publicity of grant availability.
- Approves formal recommendation of annual grant recipients.
- Supports the Grants Committee and attends any grant celebration.
- Participates in site visits as needed.

North Carolina Community Foundation Staff

- Provides overall direction and assistance for community grants programs.
- Assists local affiliate in identifying critical needs affecting the community.
- Provides technical assistance and resources for community grants programs, including making grant applications available on the NCCF website, processing grant paperwork, and sending all grantmaking correspondence (such as awards and regrets letters).
- Assists Affiliate Grants Chair in preparing grantmaking-related information for committee and board meetings.
- Conducts due diligence on all grant applications before and after grant awards are made.
- Provides staff support for all grantseekers workshops and all grant award meetings.
- Provides support for any grants celebration program or event.

Evaluating Community Need

Your community grants program is a continuous cycle, a process that begins before grant applications are even distributed to nonprofits. As an affiliate of the NCCF, your local community foundation is charged with helping to identify needs in your community and connect charitable resources with those needs. As such, we ask that your full affiliate board take time – before the yearly grants process “begins” – to discuss what issues are affecting your area and its nonprofits and determine whether you wish to target specific causes or needs when you request grant proposals. Some questions to consider are:

- What has changed in your community in the last year? In the last five years? How have those changes affected the needs of local nonprofits?
- Who in your community has needs that are not currently being met?
- What are those unmet needs? Basic needs like food, clothing, and shelter? Access to educational opportunities? Access to medical services? Job training? Green space and recreational facilities?
- What nonprofits in your area have experienced significant growth in their effectiveness and efficiency at accomplishing their mission? How might funding them help other nonprofits learn from their examples?
- How could your affiliate board use its grants process to effect meaningful change in the community?

After your discussion, decide what – if any – specific focuses your board would like to have in its grantmaking cycle this year. Taking the time to determine what unmet community needs your affiliate would like to fund can help grantseekers target their proposals and, in turn, help you have a larger impact for good.

Avoiding Conflicts of Interest

All NCCF Affiliate Boards are expected to avoid any situation that might appear to be a conflict of interest, particularly in their grantmaking. As such, board members are asked to weigh carefully all circumstances and relationships in which there exists the possibility of any accusation of self-interest by asking themselves the following questions:

Do I Have a Conflict of Interest?

- Could you, a close friend, client, or a member of your family obtain a non-incidental benefit or substantial personal gain from the Foundation?
- Do you or a member of your family have an actual or potential ownership or investment interest in any entity with which the Foundation has a transaction, contract, investment, or compensation arrangement?
- Do you or a member of your family own over 35% of, or hold a key position in, a company that does business with the Foundation? “Doing business” includes, but is not limited to, compensation for services performed, furnishing of goods, services, or facilities, or any sale or exchange of cash or property valued in excess of \$10,000.
- Is the Foundation or one of its affiliates considering making a grant to a nonprofit organization of which you or your immediate family serve or served as an officer, director or employee?
- Do you have a family or business relationship with any other member of the Foundation’s Board of Directors, its officers or employees?
- If you are an affiliate board member or committee member, is the Foundation or one of its affiliates considering making a scholarship award to an individual, or for the benefit of an individual, who is related to you? (Please note that NCCF

staff members and statewide board members and their families are not eligible for and may not receive scholarship awards from funds administered by the Community Foundation)

If the answer to any of the above questions is “yes,” you must:

- Announce that you will not participate in the discussions on the matter and that you will not vote;
- State generally the nature of your interest;
- If asked to do so by the Chairman, leave the room while the matter is being discussed;
- Document conflict of interest in minutes of meeting.
- If a staff member has a conflict of interest, she should disclose it to his/her supervisor who will document the conflict, and said staff member should refrain from participating in any decisions or activities where his/her own professional and/or personal interest conflicts with NCCF’s interest.
- Should a conflict of interest of any kind arise after the signature date below, you must make the Board of Directors or the affiliate board aware and follow the procedures set forth in this policy.

Are you an attorney that works with clients on charitable gift planning that may include establishment of a fund or gift to the community foundation?

- In order to avoid any appearance of a conflict of interest, either in the present or when the gift is actualized, if you draft a Trust or Will for a client that includes the establishment of a fund with the community foundation or a donation to the community foundation, you may wish to consider including language in the gift instrument stating that the client acknowledges that you advised him of your service on the board or connection to the community foundation, that he does not view this as a conflict of interest, and to the extent others may perceive it as a conflict of interest, the client waives the conflict.

If you have any questions or concerns about a conflict of interest, please consult with your Community Leadership Officer.

Hosting an Awards Program

The Community Grants Program is a wonderful vehicle for publicity for your local community foundation. Many affiliates have found that making public grant award presentations raises awareness of the good work the Foundation is doing in the community and the diligent efforts of local nonprofits to meet community needs. We ask that you work with your Community Leadership Officer to coordinate a grant awards program that recognizes the nonprofits you have funded. Programs that affiliates have conducted in the past include:

- Inviting all grant recipients to an awards presentation and asking each to speak for a couple of minutes about their organization and their project
- Presenting grant checks at a county commissioners meeting or other community-wide event
- Inviting grantees to an affiliate fundraising event and asking them to speak about the programs your affiliate has funded
- Asking board members to make individual check presentations to grantees across the community, taking photographs, and using these in grants publicity

Conducting a Site Visit

Site visits by the Grants Committee or board can be done as part of the proposal review process or toward the end of the grant period.

Site visits can assist the Grants Committee and/or board in their review of the grant applications. It can be an important way to learn more about the organization and the purpose for which funding is being requested. It is also an opportunity to meet with its staff and board leadership to help determine organizational capacity.

Site visits done toward the end of the grant period can help the Grants Committee or board assess the impact of the grant, ensure that funding has been used in accordance with its designated purpose, and discover ways to improve the grant process for the grantee and the Foundation.

Affiliate boards are asked to share the responsibility of conducting a site visit with each grant recipient.

_____ **COUNTY**
Community Foundation



SITE VISIT EVALUATION

Organization visited: _____

Contact person: _____ **Phone:** _____ **Date of Visit:** _____

Grant purpose: _____

Grant amount awarded \$ _____ **Fund #** _____

Site Visit Participants: _____

The purpose of this Site Visit is to help NCCF assess:

- 1. The grant impact on the community and organization**
- 2. The effectiveness of the grant**
- 3. Help identify ways to improve the grant process**

Who is served? Does the program effectively accomplish its objectives? How does it impact your clientele and/or the community at large? _____

What effect does this program have on your organization? Does it increase your visibility in the community, add to your clientele, or over extend your staff? _____

What changes were made during implementation of the grant? _____

Were outcomes achieved? _____

What problems were encountered during the grant period? What factors promoted or limited success? _____

Are there ways you think NCCF could strengthen its grantmaking program? _____

To be completed by Interviewer: Were the grant conditions met? What are general impressions of the program? Is the program worthy of continuation or replication? What are organization's emerging needs? _____

Please attach photos or materials helpful to the evaluation:

Person conducting site visit: _____

Affiliate: _____



Ten Tips for Effective Community Grantmaking

1. The affiliate advisory board should review grant criteria each year before the cycle begins. Are the current guidelines too broad? Could a more defined focus better respond to community needs and increase the impact of grants? Consider talking to community leaders and getting feedback on the area's most pressing issues where grants might be most helpful.
2. Determine your affiliate's available to distribute (ATD) amount for grants (announced on the year-end fund statement and mailed on Feb.15th each year). An important discussion to have is whether you want to make a few larger grants rather than a number of smaller grants. There is a minimum grant amount of \$500.
3. Decide if affiliate advisory board wishes to supplement ATD with additional contributions. These supplemental gifts could come from direct personal contributions or from local donor-advised funds, if appropriate. Best practice is for these contributions to be made prior to review of applications, rather than in response to them.
4. If your affiliate advisory board members make site visits, take a camera and the photo release forms. You can never have too many good pictures for the website and social media! Also be sure that the reports are sent to the Grants Chair or Community Leadership Officer and shared with the other advisory board members.
5. The affiliate advisory board and/or marketing committee should discuss plans for publicizing the upcoming grant cycle and any associated events, such as workshops and grant award receptions. Complete guidelines can be found on the NCCF website.
6. If your affiliate has a grants committee, each member should be familiar with the grant criteria, the application questions and budget template, and the types of organizations eligible for the Foundation's community grants – 501(c)(3) public charities, religious organizations, and government agencies such as libraries and schools.
7. As part of the grant selection process, the affiliate advisory board or grants committee should review the affiliate's grantmaking history. Maintaining a long-term funding relationship with certain groups has value, but it is also good to be aware of geographic areas, issues, or types of organizations where the affiliate has historically made few grants. Also consider learning about and cultivating relationships with new nonprofits.
8. Depending on the number of applications your affiliate receives, decide if grants committee members will read all the applications or split them up and report back to the group. Discuss the evaluation process before reviewing the applications so everyone is on the same page.
9. Celebrate and publicize the grant awards throughout your community! Invite board members of the grantee organizations to award receptions or board meetings where grantees are being honored to help make your grants more visible and to meet other community leaders.



Section V: Stewardship, Accountability, and Finance

Contents of this Section

- Responsibilities of NCCF and Role of Affiliate Board
- How It Works
- NCCF Investment Options
- NCCF Sample Fund Statement
- NCCF Investment Policy Statement

RESPONSIBILITIES OF NCCF

As lead foundation, the North Carolina Community Foundation, Inc. (NCCF) provides primary legal and fiduciary oversight of the statewide organization. In this context, NCCF ensures a strong infrastructure within which local affiliates may flourish. Specific responsibilities of NCCF staff and statewide board of directors include:

Stewardship and Accountability:

- Knowledge and compliance with applicable legal, accounting and regulatory matters
- Holder of official 501(c)(3) designation and incorporated status
- Completion of annual 990 and other required filings
- Operation of organizational budget
- Completion of annual audit
- Gift acceptance and fund governance policies
- Oversight of grantmaking policies and procedures
- Personnel and staffing matters
- Contractual agreements and obligations

Finance and Investment

Primary fiduciary oversight for funds held by the NCCF resides with the Board of Directors of the statewide Foundation (NCCF). Investment policy is the responsibility of the NCCF Finance Committee, which is charged with establishing and overseeing investment policy.

The statewide Board of Directors is responsible for the management of the assets of the Foundation. The Board of Directors shall discharge its duties solely in the interest of the Foundation, with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent man, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

The Finance Committee of the statewide Board shall have direct responsibility for the oversight and management of the Foundation's investments and for the establishment of investment policies and procedures. The following are responsibilities of the Finance Committee:

1. Establish reasonable and consistent investment objectives, policies, asset allocation, and guidelines.
2. Select qualified investment professionals, including Investment Managers, Investment Advisors, and Custodians.
3. Determine the Foundation's investment objectives, risk tolerance and time horizon and communicate these to the Investment Advisor and Investment Manager(s).
4. Evaluate portfolio performance to assure that the Investment Manager(s) adhere to policy guidelines and monitor investment objectives.
5. Develop and enact proper control procedures to include the engagement, termination, and replacement of investment professionals.
6. Review of investment performance by the Board of Directors will be done annually or more frequently if desired, however, the review of performance by the Finance Committee will be quarterly.
7. Recommend to the Board of Directors proposed changes and revisions to the Investment Policy Statement from time to time.

The Finance Committee may engage Investment Managers whose disciplines require investments outside the asset allocation guidelines. However, if the Finance Committee wishes to consider assets not approved in the Investment Policy Statement, they may do so only with the approval of the Board of Directors.

ROLE OF AFFILIATE BOARD

- To develop permanent resources for its own community, utilizing the services of the NCCF (this requires training and knowledge of NCCF policies, procedures, and services).
- To identify local grantmaking priorities
- To distribute local grant resources to address identified priorities
- To direct affiliate committee work and activities toward affiliate-established goals.

The following pages provide an overview of NCCF fund and investment policies. This information is offered as a guide to affiliate board members to establish their familiarity with NCCF fund-related services.

HOW IT WORKS

Gift:

With a minimum contribution of \$25,000 (\$40,000 for a scholarship fund), you may establish a named endowment fund by completing a legally binding agreement that outlines your charitable intent. The North Carolina Community Foundation's professional staff will work with you to ensure that your fund achieves its highest charitable potential.

Growth:

The NCCF works with a number of professional asset managers who ensure that your endowment fund is invested for stability and growth.

Grants:

Annual grant amounts equal up to five percent of the fund's average balance, which is calculated over the previous 12 quarters. The NCCF reports how much your fund has available to distribute, and you recommend which charities you would like to support, using the spendable amount for your grant-making.

Fees:

Administrative fees are assessed at the rates below. All funds are subject to a minimum annual administrative fee of \$250, except scholarship funds, which are subject to a minimum annual fee of \$800.

<i>Donor-advised funds</i>	1.0% of average balance
<i>Field of interest funds</i>	1.5% of average balance
<i>Designated funds</i>	1.0% of average balance
<i>Agency funds</i>	1.0% of average balance
<i>Scholarships</i>	2.0% of average balance
<i>Affiliate unrestricted funds</i>	1.5% of average balance
<i>Non-endowed gift funds</i>	Minimum fee, NCCF retains bank interest
<i>Funds in excess of \$1,000,000</i>	Negotiable

INVESTMENT OVERVIEW

Prudent investment stewardship is essential to our mission of building long-term charitable assets for the benefit of our communities, forever. Our donors benefit from a collective investment approach which affords individual fundholders access to investment managers and products that traditionally have been reserved for larger portfolios and established financial institution relationships. With NCCF, donors may achieve broader diversification through alternative asset styles and liquidity options not usually available to individual investors.

Investment objective

The overall objective of the Foundation is to preserve and protect fund principal while achieving a long-term, average return sufficient to cover a 5% spending policy plus an average 1% administrative fee and inflation, as measured by the CPI Index, over a complete market and economic cycle. Achieving this objective requires the assumption of a moderate level of risk, a long-term investment horizon and asset diversification.

Investment philosophy

The perpetual nature and long-term perspective of philanthropy are the bases for the Foundation's investment philosophy. Philanthropic investing has a longer-term horizon than personal investing, retirement investing or intergenerational investing.

Investment strategy

Historically, equity investments have outperformed both fixed income (bonds) and cash (certificates of deposit and money market accounts). A moderate asset allocation of 70% equity (stocks), 20% fixed income, and 10% alternative investments is appropriate for the long-term perspective of philanthropic investing and the investment objective to preserve fund principal and an appropriate return.

Layers of stewardship

The investment portfolio is overseen by the NCCF Finance Committee, a sub-committee of our statewide Board of Directors. Our investment partners are approved by the Finance Committee. The committee and NCCF staff, with the assistance of our investment advisor, closely monitor our roster of select investment managers for adherence to the Investment Policy Statement, performance expectations, and professional and ethical behavior.

Investment partners

- Fund Evaluation Group (FEG) – Advisor
- Edward Jones Trust Company
- First Citizens Bank
- Merrill Lynch
- Morgan Stanley
- NCCF Investment Fund (managed by FEG)
- Pax World Balanced Fund
- Raymond James Financial Services
- Wells Fargo Bank, N.A.

NCCF Sample Fund Statement

The NCCF issues quarterly fund statements illustrating the performance of individual endowments held by the Foundation. The following is an illustration of a typical fund statement provided quarterly to fundholders.

The Incredibly Important Service Agency Endowment		
0012xx		
January 1, 2012 – December 31, 2012		
	Jan - Mar 2012	Jan – Dec 2012
BEGINNING FUND BALANCE as of 1/01/2012		\$ 0.00
Investment Returns:		
Interest & Dividend Income	187.50	187.50
Appreciation / (Depreciation) of Investments	-50.00	-50.00
Total Investment Returns	\$ 137.50	\$ 137.50
Contributions (including Special Events)		
	\$75,000.00	\$75,000.00
Distributions/ Grants & Scholarships		
	\$ 0.00	\$ 0.00
Expenses:		
Administrative Fees	-62.66	-62.66
Fund Operating Expenses (incl. Special Events)	0.00	0.00
Total Expenses	\$ -62.66	\$ -62.66
ENDING FUND BALANCE as of 12/31/2012		\$ 75,074.84
Available to Distribute 2013: \$ 3,750.00		

Fund statements provide quarterly and year-to-date information

Appreciation / (Depreciation) is the change in market value of the securities in the account

Annual administrative fees are 1%, calculated monthly. Investment fees are netted to returns by the asset managers.

Fund operating expenses include such things as mailings and brochure printing

Available to Distribute amount is provided on the year-end statements in February.

INVESTMENT POLICY STATEMENT

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OBJECTIVES

PERFORMANCE MEASUREMENT

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ACKNOWLEDGEMENT



OVERVIEW

PURPOSE

This Investment Policy Statement (IPS) was adopted by the North Carolina Community Foundation to establish a clear understanding of the Foundation’s philosophy and investment objectives. This document has been established between the Finance Committee of the North Carolina Community Foundation (hereafter referred to as the “Finance Committee” and the “Foundation”) acting on behalf of the Board of Directors of the Foundation and the Investment Advisor and other investment managers engaged to invest assets of the Foundation under conditions set forth herein.

The overall investment objective of the Foundation is to preserve and protect fund principal while achieving a long-term net rate of return sufficient to cover a 5% spending policy plus an average 1% administrative fee plus inflation, as measured by the CPI index, over a complete market and economic cycle. Achieving these objectives will require assuming a moderate level of risk, a long-term investment horizon and asset diversification.

SCOPE

This Policy applies to all assets that are included in the Foundation’s investment portfolio for which the Investment Advisor and Finance Committee have discretionary investment authority.

FIDUCIARY DUTY

In seeking to attain the investment objectives set forth in the policy, the Finance Committee, the Investment Advisor and other investment managers shall exercise prudence and appropriate care in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Finance Committee of all material facts regarding any potential conflict of interest. Investment managers must be a Bank, Trust Company, Insurance Company or Registered Investment Advisor (RIA) or another entity specifically approved by the Board of Directors.

DEFINITION OF DUTIES

BOARD OF DIRECTORS / FINANCE COMMITTEE

The Board of Directors is responsible for the management of the assets of the Foundation. The Board of Directors shall discharge its duties solely in the interest of the Foundation, with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent man, acting in a like capacity and

familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

Within the broad framework of this Investment Policy Statement set by the Board of Directors, the Finance Committee shall have direct responsibility for the oversight and management of the Foundation's investments and for the establishment of investment policies and procedures. The following are responsibilities of the Finance Committee:

1. Establish reasonable and consistent investment objectives, policies, asset allocation, and guidelines.
2. Select qualified investment professionals, including Investment Managers, Investment Advisors, and Custodians.
3. Determine the Foundation's investment objectives, risk tolerance and time horizon and communicate these to the Investment Advisor and Investment Manager(s).
4. Evaluate portfolio performance to assure that the Investment Manager(s) adhere to policy guidelines and monitor investment objectives.
5. Develop and enact proper control procedures to include the engagement, termination and replacement of investment professionals.
6. Review of investment performance by the Board of Directors will be done annually or more frequently if desired, however, the review of performance by the Finance Committee will be quarterly.
7. Recommend to the Board of Directors proposed changes and revisions to this Investment Policy Statement from time to time.

The Finance Committee may engage Investment Managers whose disciplines require investments outside the asset allocation guidelines. However, if the Finance Committee wishes to consider assets not approved in this Investment Policy Statement, they may do so only with the approval of the Board of Directors.

INVESTMENT ADVISOR (F E G)

The Investment Advisor is responsible for all aspects of managing and overseeing the Foundation's portfolio. On an ongoing basis the Investment Advisor will:

1. Implement the overall investment strategy, including the selection/termination of securities and/ or investment professionals, within these investment policy guidelines;
2. Monitor the asset mix and allocate assets of each investment strategy within these investment policy guidelines and should the allocation be out of range at calendar year-end, work with the Investment Manager(s) to rebalance as soon as reasonably possible;
3. Provide the Finance Committee with quarterly performance reports, benchmark comparisons and market commentary;
4. Assist the Finance Committee periodically, with a review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives; policies, goals and/or guidelines and;
5. Supply the Finance Committee with other reports or information as reasonably requested.
6. Execute all duties provided for in the Investment Advisory Agreement.

INVESTMENT MANAGERS

Investment Managers will have full discretion to make all investment decisions within the limitations set forth in this Investment Policy Statement. Specific responsibilities of the Investment Manager(s) include:

1. Perform discretionary investment management including decisions to buy, sell, or hold various securities.
2. Provide the Investment Advisor with copies of all available statements, documents, and reports in a timely manner after the close of each period.
3. Communicate any major changes to economic outlook, investment strategy, or any other factors, which would affect expected performance or process to the Investment Advisor and the Finance

Committee.

4. When appropriate, vote proxies and keep all records that will be governed by the Investment Manager's client agreement.
5. Comply with applicable law, report any discrepancies, and notify the Investment Advisor and the Finance Committee of any legal action taken against the Investment Manager(s), any arbitration involving the Investment Manager(s), or any judgments against the Investment Manager(s) or any of its employees.
6. Implement this Investment Policy Statement to achieve the investment objectives.
7. Notify the Investment Advisor and the Finance Committee should circumstances occur which the Investment Manager believes would require a modification of this Investment Policy Statement in order to achieve the Foundation's stated objectives.
8. Notify the Investment Advisor and the Finance Committee of any material change in the investment philosophy, management, key personnel or ownership of the Investment Manager, within 45 days of occurrence.

COMMUNICATIONS

The Investment Manager and/or the Investment Advisor is required to give the Finance Committee quarterly account reviews detailing investment performance against predetermined benchmarks (time-weighted and dollar-weighted), market outlook, account value, and comparisons with established benchmarks.

Meetings may be held on an as-needed basis with the Finance Committee, the Investment Manager, and/or the Investment Advisor. Topics to be discussed may include:

1. The Investment Manager's relative investment performance and risk levels in light of stated Foundation policies and objectives.
2. The Investment Manager's views on important developments in the economy and the securities markets, and their potential effect on investment strategy, asset allocation, and account performance.
3. Any contemplated changes in the Investment Manager's organization on investment philosophy, strategy, and performance.
4. Proposed amendments to the policies and objectives presented in this Investment Policy Statement.

The Finance Committee and/or the Investment Advisor may choose to meet more frequently with the Investment Manager if concerns arise about the Investment Manager's performance, strategy, personnel, or organizational structure.

OBJECTIVES

The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the Consumer Price Index) plus any spending, thus protecting the purchasing power of the assets.

STRATEGY

The Board and Finance Committee agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Real assets also provide the added benefit of inflation protection.

Fixed income and diversifying strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of

the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs.

SPENDING POLICY

Earnings from the investment portfolio will provide for annual grant making. Funds available to grant are calculated on a calendar year basis based on 5% times the average of the previous 12 quarter-ending balances by fund as of 9/30.

ASSET ALLOCATION

Asset allocation will likely be the key determinant of the Foundation's returns over the long-term. Therefore, diversification of investments across multiple markets that are not similarly affected by economic, political, or social developments is highly desirable. A globally diversified portfolio, with uncorrelated returns from various assets, should reduce the variability of returns across time. In determining the appropriate asset allocation, the inclusion or exclusion of asset categories shall be based on the impact to the total Foundation, rather than judging asset categories on a stand-alone basis.

The target asset allocation should provide an expected total return equal to or greater than the primary objective of the Foundation, while avoiding undue risk concentrations in any single asset class or category, thus reducing risk at the overall portfolio level.

Investments will generally fall into one of four asset categories. Each category serves a specific role within a portfolio. An allocation to all four categories can provide diversification to major market risk factors and provides a simple framework to review the exposures within the portfolio. The categories are as follows:

GLOBAL EQUITY	Intended to be the primary source of long-term growth for the portfolio, as equities historically have produced high real rates of return. While having higher expected returns, they also have higher volatilities. Includes both long-only and liquid hedged equity mandates.
GLOBAL FIXED INCOME/CREDIT	Intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection. These investments are comprised primarily of fixed income (debt) securities, and can be further categorized as interest rate sensitive and credit sensitive.
REAL ASSETS	Intended to insulate the portfolio from inflation shocks and to provide a source of non-correlating returns with other asset categories. Includes real estate investment trusts (REITs), natural resources (e.g., Energy, Master Limited Partnerships), and commodities.
DIVERSIFYING STRATEGIES	Intended to provide diversification from systematic market risk, as the primary determinant of returns are typically from manager skill (alpha) rather than market return (beta). Includes liquid non-directional strategies that seek low correlations to the public equity and fixed income markets.

To achieve these goals, the asset allocation will be set with the target percentages and within ranges as documented in the exhibit.

REBALANCING

The Investment Advisor will actively manage the asset allocation based on their determination of market valuations, but remain within the ranges at all times. Should any category move out of acceptable range due to market movements, the Investment Advisor will use prudence in rebalancing the portfolio, either immediately or over the subsequent few months.

ACTIVE AND PASSIVE MANAGEMENT

The asset allocation will be implemented using both active and passive investment managers. Highly efficient areas of the capital markets may be managed using index funds and enhanced index/portable alpha strategies.

INVESTMENT STYLES

The Investment Advisor will allocate between styles based on market valuations. Because value stocks are expected to outperform growth stocks over the long-term (as they have historically), and this is more pronounced for smaller market capitalizations, the Investment Advisor expects to employ a strategic overweight to value stocks, with a larger value overweight to small cap stocks.

LIQUIDITY

A goal of the Fund is to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending policy payout requirements and any extraordinary events. In many instances, the most appropriate investment option is one that comes with liquidity constraints.

Illiquid investments include private equity, private debt, private real estate, and natural resources. Hedge funds are considered semi-liquid due to lock-up periods, redemption restrictions, and in some cases, illiquidity of the underlying investments. The tradeoff between appropriateness and liquidity may be considered throughout the portfolio construction process, but with the following limits:

CLASSIFICATION OF ASSET	LIMITS
Liquid	At least 55% of the portfolio
Semi-Liquid	No more than 20% of the portfolio
Illiquid	No more than 25% of the portfolio

Any investments in less than liquid strategies require the approval of the Finance Committee and the authorized signature of the Foundation President.

PERFORMANCE MEASUREMENT

TIME HORIZON

The Finance Committee seeks to achieve the investment objectives over a full market cycle. The Finance Committee does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, the portfolio may produce significant over or under performance relative to the broad markets. For this reason, long-term investment returns will be measured net of fees over a 5-year moving period.

PRIMARY BENCHMARK

The primary objective of the Foundation is to achieve a total return, net of fees, in excess of spending, administrative fees, and inflation. The Primary Benchmark is the minimum return needed to achieve the portfolio's objectives.

Total Return greater than the Consumer Price Index + 6%

BROAD POLICY BENCHMARK

The secondary objective is to achieve a total return in excess of the Broad Policy Benchmark, comprised of each broad asset class benchmark weighted by its long-term strategic allocation. The Broad Policy Benchmark is comprised of mutually exclusive broad market asset class indices to measure broad policy decisions. The benchmark is intended to assess the long-term success of strategic, tactical, and active manager decisions.

WEIGHT	INDEX	ASSET CATEGORIES
70%	MSCI ACWI	Equity / Real Assets
30%	Barclays Aggregate	Fixed Income / Diversifying Strategies

TARGET WEIGHTED BENCHMARK

Another investment objective is to achieve a total return in excess of the Target Weighted Benchmark, comprised of each asset category benchmark weighted by its target allocation.

RISK PARAMETERS

The volatility (beta) is expected to be no greater than 1.20 versus the Target Weighted Benchmark.

GUIDELINES AND RESTRICTIONS

GENERAL

In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable of the market environment in which investment decisions must be made. Therefore, the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, will determine whether an appropriate standard of reasonableness, care, and prudence has been met for the Foundation's investments. Notwithstanding the foregoing, the following are prohibited:

1. Assets including, but not limited to:
 - a. Private Placements
 - b. Purchasing Options
 - c. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
 - d. Individual Mortgages
 - e. Lettered stock or other non-marketable securities
 - f. Unregistered Stock Transactions

2. Margin Transactions including, but not limited to:
 - a. Short Selling
 - b. Margin Transactions
 - c. Currency Hedging

The Investment Advisor shall:

1. Have full investment discretion with regard to security selection, consistent with this Investment Policy Statement;
2. Immediately notify the Finance Committee in writing of any material changes in the investment outlook, strategy, portfolio structure, ownership or senior personnel;
and
3. Vote proxies and share tenders in a manner that is in the best interest of the Fund and consistent with the investment objectives contained herein.

ACKNOWLEDGEMENT

We recognize the importance of adhering to the mission and strategy detailed in this policy. We agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission, and therefore, recognize that suggestions regarding appropriate adjustments to this policy or the manner in which investment performance is reviewed are expected. To assure continued relevance of this Investment Policy Statement, the Finance Committee shall review this Investment Policy Statement at least annually.

North Carolina Community Foundation
Chair of Finance Committee

Date

North Carolina Community Foundation
Chair of Board of Directors

Date

Fund Evaluation Group, LLC

Date

Investment Manager

Date

EXHIBIT: ASSET ALLOCATION – INVESTMENT MANAGERS

Asset Categories		Minimum	Target	Maximum
Global Equity				
Domestic Large Cap Growth		15%	17.5%	30%
Domestic Large Cap Value		15%	17.5%	30%
Domestic Mid Cap		5%	10.0%	20%
Domestic Small Cap		5%	10.0%	20%
International		<u>5%</u>	<u>15.0%</u>	<u>25%</u>
	Total Equities	45%	70.0%	80%
Global Fixed Income				
Global Fixed		0%	5.0%	20%
Domestic Fixed		<u>15%</u>	<u>15.0%</u>	<u>40%</u>
	Total Fixed Income/Credit	15%	20.0%	40%
Real Assets				
Real Assets		<u>0%</u>	<u>5.0%</u>	<u>20%</u>
	Total Real Assets	0%	5.0%	20%
Diversifying Strategies				
Alternative Strategies		<u>0%</u>	<u>5.0%</u>	<u>20%</u>
	Total Diversifying Strategies	0%	5.0%	20%
Cash & Equivalents				
Cash & Equivalents		<u>0%</u>	<u>0.0%</u>	<u>10%</u>
	Total Cash & Equivalents	0%	0.0%	10%
	Total		100.0%	



Section VI: Marketing and Public Relations

Contents of this Section:

- Marketing and Public Relations
- Tools

MARKETING AND PUBLIC RELATIONS

Value

Effective marketing and public relations are important to the success of a North Carolina Community Foundation affiliate. You don't want to be your community's best-kept secret! These efforts are the key components of telling your board's story, raising awareness among target audiences, and developing relationships and trust in your community. This section outlines the roles of staff and board; suggests potential strategies; and details some of the tools and services provided by the NCCF to help ensure your affiliate's continued success.

Roles

The NCCF established the marketing, communications and PR function in-house, with a team assuming the responsibility for developing strategies for the overall Foundation, and tools for local affiliate boards to use under the guidance of their respective Community Leadership Officer.

Staff: A broad array of printed tools and expanded electronic capacities has been prepared to support local boards with the development and execution of their own plans. And the communications and marketing team works closely with the development staff and affiliates across the state when additional consulting is warranted.

Committees: Many local affiliate boards have established Communications Committees to develop and guide their activities related to raising awareness. Depending on the size of the board, a committee of three to five can work to develop communications plans, team up with the board's development committee to execute a marketing strategy and look for ways to tell the local affiliate's story. Areas of responsibility could encompass event photography, finding opportunities for board and staff to speak to various community groups and effective use of the NCCF's marketing materials and tools. The value of a local committee lies in its members' knowledge of the affiliate's goals and the community – its needs, players, and “what makes it tick.”

Strategies

Controversies: Any local or community controversies that either directly or indirectly involve your local affiliate may be picked up by local, statewide and even national news media outlets – both traditional and social. The viral nature of social media means that news, good and bad, can circle the globe in seconds. Please get your Community Leadership Officer involved immediately so he/she can contact other staff as appropriate.

Telling your story:

Often some of the most effective venues for communicating information about the NCCF and your affiliate will be your local civic clubs and other community organizations. The PR/Marketing Committee is encouraged to seek opportunities to make these presentations about your local affiliate, either by a board member or by the Community Leadership Officer.

Presentations: Your Community Leadership Officer will be happy to help you prepare for these opportunities with handouts and other materials.

The Elevator Speech: As a board member, you'll often be asked to explain what a community foundation is – more often on the spur of the moment than in a formal presentation. Ask your Community Leadership Officer to lead your board through an exercise that the NCCF has developed to help you articulate and define “your story” as it relates to your board, its role in your community, and what you get out of your personal involvement.

Practice delivery and adapt your story/60-second elevator message to your affiliate's work in the community. (The term “elevator speech” refers to the ability to make your key points in the amount of time it takes to travel between floors!).

Your action plan:

The most effective strategy you can employ is your board's action plan, tailored to your community's needs and your affiliate's capacity for growth. None of the tools detailed below are as effective without a good, strategic public relations/marketing plan. A strategy can ensure that you are reaching your prioritized target constituencies and effectively telling the NCCF's story. Identify your key target audiences, then develop communications strategies to reach each group using tools provided and tailored for your affiliate's goals, needs, and messages. Your Community Leadership Officer and the NCCF are here to help!

Tools

Branding & logos:

Local logos have been designed for each of our affiliates. We are excited to provide this tool for affiliate use, as it symbolizes what is both unique and beneficial about the NCCF and its network: a local board supported by a recognized statewide organization. The NCCF provides the infrastructure to hold funds, disperse grants, administer investments, and provide the expertise required to ensure legal compliance, raise awareness, and establish and grow endowments.

If there is ever any confusion about which logo is appropriate (local vs. NCCF) for which affiliate message, please contact your Community Leadership Officer. Generally speaking, local affiliate logos should be used, logically, on materials about local initiatives, news and events. The NCCF logo is appropriate on those materials that communicate the Foundation's work to administer funds, establish and grow endowments, establish programming, etc.

The NCCF website details specific information about the logos, including PMS colors and fonts (see RESOURCES) and includes downloadable logos for Word documents and those intended for commercial printers. Contact your Community Leadership Officer to obtain the appropriate version of your local logo, which has been executed in color, dual tones and in various formats.

Print support:

The NCCF utilizes the full component of traditional print materials to help you promote your affiliate's work, including:

- Foundation brochure: This tri-fold provides a brief overview of the NCCF; it can be used alone or with an affiliate insert.
- Affiliate insert: Each affiliate has its own tailored insert that provides a snapshot of its work in the community, including a listing of board members, funds, and a summary of recent grants; these are updated for each affiliate at no charge.
- Sales folder: The NCCF has a sales folder with inserts that can be tailored to a number of needs, including versions for a general audience, professional advisors, nonprofits, individuals, etc. Let us know if you need a specialized insert. Please contact your Community Leadership Officer for specific marketing efforts and materials targeting professional advisors (attorneys, CPAs, financial planners, etc.).
- Annual report: This is distributed each fall to provide an overview of the NCCF's year, which ends March 31, with affiliate highlights featured.

Web-based communications:

Our website (nccommunityfoundation.org) contains news and photos for those seeking information on giving, affiliates, grants, scholarships, programs, and the NCCF.

Our affiliates have the opportunity to post their own local news and information on their individual affiliate home pages. While the Foundation will maintain basic information for all of its affiliates, boards can also contribute additional content, photos, links, and information to enhance and support their services in the community. Your Community Leadership Officer will be able to post information for your affiliate or submit it for posting.

E-communications:

Electronic communications, including E-blasts and e-newsletters round out the NCCF's communications plan and list of tools for affiliates.

Social Media:

The NCCF, like most organizations, is utilizing social media outlets more frequently, including Facebook, Twitter, LinkedIn, and Instagram. These outlets provide additional ways to help get your word out immediately and to establish a dialogue with your audiences.



Section VII: NCCF Affiliates and Community Leadership

Contents of this Section

- A Statewide Network of Community Leaders
- Community Leadership – What Does It Mean?
- The Three C’s of Community Leadership: Connector, Catalyst, and Convener
- Examples of NCCF Affiliates Focusing on Community Leadership
- Community Leadership Roles for Individual Board Members

NCCF Affiliates and Community Leadership

Community foundations have long played an important role in cultivating philanthropic resources at the local level. As you have seen in previous chapters, the traditional role of community foundations can be summed up with “**the three G’s**”: **Give, Grant, Grow**. While the importance of “the three G’s” has by no means diminished, changes in the economic and financial landscape have required community foundations across the country to rethink their identities.

Beginning in the 1990s, new regulatory measures within the financial sector allowed for the emergence of charitable gift funds managed directly by commercial financial service institutions. The same institutions that had historically offered a support role to community foundations and nonprofit philanthropic organizations were now in direct competition in attracting new donors and establishing charitable endowment funds. Faced with the reality of this new competition in the form of well-heeled national and multi-national corporations, community foundations needed to come up with new answers to why they should be the destination of choice for donors interested in achieving their philanthropic goals.

In a white paper entitled “On the Brink of New Promise—The Future of US Community Foundations” (Bernholz, Fulton, and Kasper) thought leaders within the philanthropic and community foundation field put forth a simple response: Community foundations offer significant added-value above and beyond shrewd investment and stewardship of funds. Community foundations are, by definition, local. Community foundation boards are made up of community leaders from the local business, education, government, and nonprofit sectors. These board members have important relationships and connections within the community and they are knowledgeable about community needs. Community foundations offer a personal, informed, local approach to philanthropy with which large financial institutions cannot compete.

In order to effectively highlight this important distinction that sets community foundations apart, the authors of this paper said, **community foundations must begin to focus on the leadership roles they can and do play within the community**. Like “the three G’s”, the community leadership approach comes with its own handy moniker: “**the three C’s**”: **Connector, Convener, Catalyst**.

A Statewide Network of Community Leaders

As the only statewide community foundation in our state, one of our most important strengths is the ability to connect local leaders and initiatives to statewide programs, funders, and resources. Over the last 35 years NCCF has worked with local leaders to develop infrastructure, cultivate relationships, and grow philanthropic resources across North Carolina. With our robust network of affiliates working in more than 60 counties across the state firmly established, NCCF has the opportunity to explore the next phase of organizational growth by thinking critically about new opportunities to maximize the impact of our work.

NCCF’s affiliates have long been playing leadership roles within their communities. The affiliate network was created and built on serving communities through local leadership, knowledge, and resources to meet area needs. We are now sharpening our focus with a more intentional framework for assuming leadership roles that are mutually beneficial to the Foundation and the community.

NCCF affiliates vary in size, interests, history, and board makeup, but share several things in common:

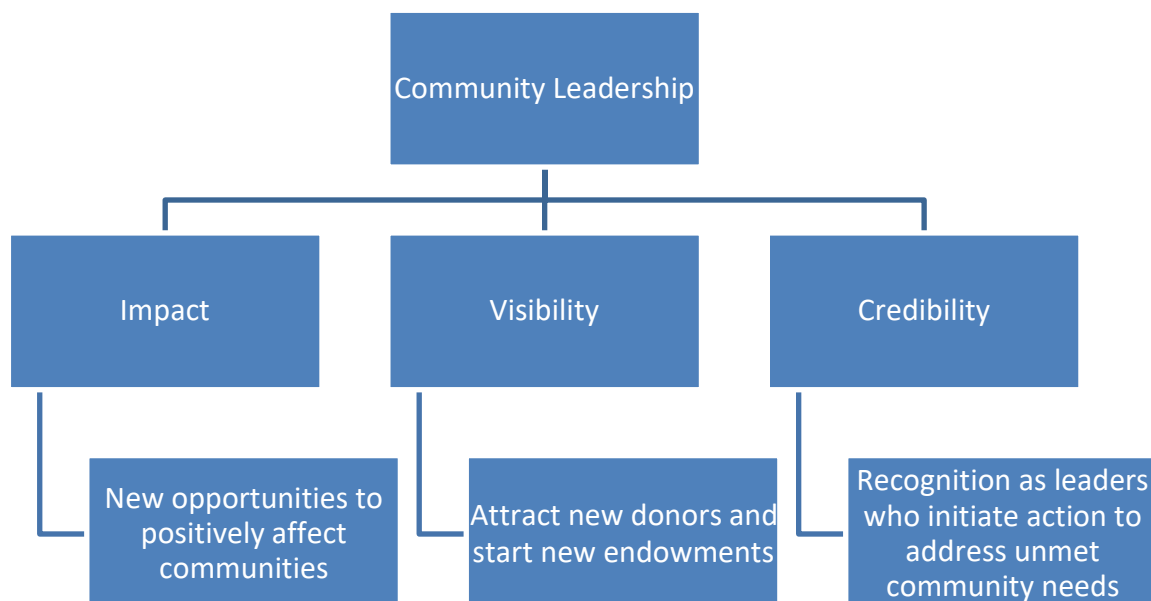
- 1) **Knowledge of the communities in which they live and work**
- 2) **Relationships with community stakeholders**
- 3) **Passion and willingness to give back to and strengthen their communities.**

These characteristics: **knowledge, relationships, and passion** are assets that can be nurtured and supported.

Community Leadership—What Does It Mean?

Community Foundations are uniquely positioned to serve a variety of critical functions. The concept of “Community Leadership” serves as a framework for understanding the various ways in which community foundations can serve as **conveners, connectors, and catalysts** for strengthening their communities. Because of their visibility, knowledge of the community, permanent local presence, and positive reputations, community foundations have the influence and relationships to facilitate dialogues and bring stakeholders to the table. They can “shine the light” on emerging challenges and opportunities, and lend credibility to innovate approaches and solutions.

Taking on new leadership roles within the community is mutually beneficial to the foundation and the community. Hosting educational forums, promoting collaboration, spearheading efforts to tackle new issues, serving as a conduit for information sharing and relationship building, and providing educational opportunities are just a few examples of how community foundations can **further their mission** while simultaneously **raising awareness** of their work and **attracting new donors**.



The Three C's of Community Leadership: Connector, Catalyst, and Convener

The “Three C’s” provide a helpful lens for translating the concept of Community Leadership into concrete action steps. The different examples of Community Leadership roles do not always fit neatly into one category or the other. The “Three C’s” provide both a way of thinking about community foundations’ potential to play a leadership role within the community and offer some specific sets of activities that affiliates might consider.

Connector: Affiliates can serve an important role as **community ambassador** and **collaborator**. As part of a larger statewide organization, affiliates can coordinate efforts with NCCF staff to **educate other funders and fundholders** about community needs and attract new resources to their communities. Advisory board members can help open doors within the community, educate community members about the work of the affiliate’s work, and facilitate new partnerships.

Catalyst: NCCF affiliates can leverage both their spheres of influence and their grantmaking dollars in creative and innovative ways. Affiliates can partner with other community institutions to identify critical needs and use their financial assets and professional networks to set new ideas in motion. Community foundations can play a critical role **in educating their communities about important issues**. In many instances, the vocal support of the community foundation can help a variety of efforts, initiatives, or organizations to gain traction with other supporters. A **“stamp of approval”** from the community foundation can **lend credibility** to organizations and promote general awareness of important issues.

Convener: Since NCCF affiliates are well known and respected, and looked to by the community as a resource in a variety of ways, they have the potential to play an important convening role within their community. Board members undoubtedly maintain large circles of influence. Leveraging these relationships increases the ability of community foundations to bring folks to the table.

Key Concepts:

Connector	• Reach out, Collaborate, Leverage, Bridge, Represent, Network, Make Connections
Convener	• Host, Bring Together, Sponsor, Assemble, Organize
Catalyst	• Raise Awareness, Lend Credibility, Initiate, Motivate, Provide Momentum

Examples of NCCF Affiliates Focusing on Community Leadership

Below are examples of NCCF affiliates from across the state serving as **connectors, catalysts, and conveners**. In many of these examples, the role of the affiliate could be classified under more than one of the **three C's**. There are also many other affiliates playing community leadership roles in addition to catalyst, connector, and convener. The **three C's** and the examples below are meant to serve as a framework and to spark new and creative ideas for NCCF affiliates to think about their role as a community leader and not intended to be limiting or exhaustive.

- The Macon County Community Foundation, in partnership with Southwestern Community College, has **hosted** training workshops for local nonprofit organizations focused on a variety of topics including fundraising and board leadership. These workshops, which included lunch, were geared towards community members serving on nonprofit boards and were offered at low cost.
- The Catawba Valley Community Foundation (which serves Alexander, Caldwell, and Catawba counties) helped initiate and **hosts** the Catawba County Campaign Review Committee. This **collaborative effort** includes the Chamber of Commerce, United Arts Council, United Way, and area corporate and nonprofit leaders with the goal of enabling local nonprofits to more strategically schedule major fundraising campaigns. Receiving approval from this committee lends credibility to these campaigns, promotes cooperation, and helps prevent conflict and competition.
- The Granville County Community Foundation Board acted as **convener** to arrange a series of meetings focused on hiring the chronically unemployed into entry-level positions at businesses. **A task force was formed** consisting of faith leaders, community college officials, a state Department of Labor representative, vocational officials, the county manager, and area business people. The task force developed a document explaining the merits of hiring graduates from two area job training programs that was delivered in person to area employers.
- The Jones County Community Foundation, in collaboration with the N.C. Rural Economic Development Center, has **convened community meetings** to raise awareness about the migration of young people from the county, working on a possible solution by raising funds to create an endowment to support an entrepreneurship program at the high school.
- The Pamlico County Community Foundation, **in collaboration with** the NCCF Disaster Relief Fund, focused its community grantmaking program on supporting 8 Days of Hope, a volunteer event to rebuild homes damaged by Hurricane Irene.
- The Moore County Community Foundation sponsored an ice cream social for social clubs to learn more about giving circles and how they could make a greater impact by pooling their charitable contributions.

- The Futrell-Mauldin Community Foundation for Greater Rocky Mount **partnered** with Upper Coastal Plain S.C.O.R.E (a local nonprofit), the Rocky Mount Area Chamber of Commerce, Nash Community College, and the ECU/NCSU Collaborative at the Gateway Partnership to **host** a workshop entitled “Stay Exempt”, in Rocky Mount. The day-long workshop, presented by representatives from the IRS, provided valuable information to local nonprofits—as well as financial advisors—regarding maintain their 501(c)3 status.
- The Watauga Community Foundation **reached out to local and regional funders** and invited them to a special event as an opportunity to share and learn more about each other’s funding interests and to **explore potential partnerships and collaborative funding efforts**. WCF plans to host this event a couple of times a year with the goal of annually identifying a local initiative to collaboratively support with the goal of **maximizing the impact of grant funding and potentially leveraging additional resources**.
- Members of the Wilkes Community Foundation board have attended planning meetings as part of the NC Rural Center’s the Town of Wilkesboro Small Town Revitalization Plan (NC-STEP) in which Wilkesboro was invited to participate. As community leaders and Foundation board members, they provide a unique perspective on community needs and **can share updates and information** with the rest of the Board and **spread community awareness** about this opportunity.
- The Currituck-Dare affiliate board **set specific goals** to develop a strong scholarship and youth opportunity focus for their work. This has been a **catalyst** for them to **take action** through grants, committee work, and through fundraising. Of the five grants the board made from its Community Fund, they chose three organizations that benefit children in keeping with their stated goals. The Scholarship Committee has taken leadership and focused its efforts to start new funds and make grants to a few existing smaller funds. The board **collaborated** with three youth programs on its popular Duck and Wine Festival.
- The Wayne County Community Foundation has hosted two meetings with representatives from The Collaborative (www.cultureofsavings.org) with the goal of **connecting this organization** with community groups and businesses in Wayne County surrounding the issue of Financial Literacy. This will potentially bring a program to large employers in the area for the purpose of educating unbanked and underbanked employees. Wayne County was identified for the program through a statewide research project.

- The Ashe Community Foundation hosted a “Family of Funds” event targeting representatives from the other funds associated with their affiliate. The event was designed to **build and strengthen connections between and among the board and other fundholders**. The Community Foundation board has created a “Family of Funds” committee tasked with developing ideas for ensuring that other fundholders understand they are an important component of the Ashe Community Foundation and to explore avenues for information sharing and leveraging of resources. ACF is currently planning an event for next year designed to educate representatives from their “Family of Funds” on growing their endowments through planned giving.
- Brunswick County has a large number of neighborhood organizations that come together to raise money for local causes. Earlier this year two of these organizations helped lead a successful effort to raise more than \$3 million for the area’s first hospice facility. With leadership from board members involved in different neighborhood efforts, the Brunswick County Community Foundation took advantage of this energy and **convened neighborhood groups from across the county** to discuss ways they might collaborate to have an even bigger impact in their communities. Representatives from 16 different neighborhood organizations (all that were invited) **exchanged ideas and explored potential partnership opportunities**.
- The Hoke County Community Foundation played an instrumental role in **convening key players** from the Hoke County medical arena to discuss factors contributing the County’s high rate of diabetes and the current services provided to diabetics. **This initial meeting resulted in the creation of the Hoke County Collaborative** with participation from local and statewide nonprofits, local health care leaders, community officials, other funders, and Foundation board representatives. Thus far, the Collaborative has been endorsed by the Hoke County Board of Health and County Commissioners and created a resource directory for health care professionals to share with their diabetic patients.
- The board of the Wilson County Community Foundation is planning a community leadership event bringing local civic organizations, fundholders and community advocates together to **discuss the pressing issues** in Wilson County with the goal of identifying and agreeing upon a focused project for the upcoming year.
- The Futrell-Mauldin Community Foundation for Greater Rocky Mount and The Edgecombe Charitable Foundation **partnered to collaboratively fund** a project for the Conetoe Community Life Center, which focuses on developing community gardens as a vehicle for mentoring at-risk youth. The project helped to **build momentum and community support** for community garden initiatives, and spurred the creation of new collaborative projects including a garden hosted by Rocky Mount Area Habitat for Humanity which donates the food to our local homeless shelter.

Community Leadership Roles for Individual Board Members

An active and engaged advisory board is essential to the success of the affiliate. As part of this work, there are numerous opportunities for board members—as individuals—to further this work.

Board members can **leverage relationships, make connections, explore and create opportunities for partnership and collaboration** and **spread awareness** about the affiliate through personal, professional, and civic networks. Here are some ideas for individual board members to help the affiliate advance its community leadership:

- Speaking engagements at the meetings of professional and civic groups
- Presentations at community events
- Attend meetings of county commissioners and local government to share information about affiliate’s work
- One-on-one conversations and informal information sharing
- Letting friends, colleagues, and other networks know about your board service

Key groups include:

- Rotary, Kiwanis, and other civic groups
- Churches and faith based groups
- Business associates and professional networks
- Other board service engagements and community roles
- Chambers of Commerce—Affiliates should consider joining local Chamber and board members can participate in various events

Board members can **represent** the affiliate on various community panels or planning groups and help **educate** other board members by **providing updates** on community initiatives:

- Study commissions or advisory groups convened to address a specific issue
- “Listening sessions” or planning groups working to inform community initiatives.
Some examples are:
 - NC Rural Center Small Towns Economic Prosperity Program (NC STEP)
 - Golden LEAF Foundation Community Assistance Initiative

In summary, building upon our rich history and mission, NCCF, its affiliates, and fundholders are uniquely positioned to continue our Community Leadership focus.



Section VIII - Appendix

Contents of this Section

- Guidelines for Fundraising
- National Standards for U.S. Community Foundations

NORTH CAROLINA
COMMUNITY FOUNDATION



Guidelines for Fundraising

Main Office: 3737 Glenwood Avenue, Suite 460, Raleigh, North Carolina 27612

919-828-4387

www.nccommunityfoundation.org

Overview

Terms and conditions covered in this policy seek to ensure fundraising efforts comply with all tax and legal regulations, donors receive timely and appropriate acknowledgement, and North Carolina Community Foundation brand, reputation, and charitable status are adequately protected.

By law, donors and volunteers cannot act as agents on behalf of the Foundation, or otherwise make legally binding decisions on the Foundation's behalf. The term "solicitation" refers to any request (verbal, written, or otherwise) seeking a contribution to a fund held by the Foundation. The Foundation reserves the right to refuse any contribution or asset secured in violation of this policy.

Fundraising efforts fall into two general categories:

1. Fundraising efforts resulting in solicitations seeking direct and tax-deductible gifts to NCCF funds. Donors may not receive goods or services in returns for this contribution. This is the Foundation's preferred type of giving. The chief responsibility of the Foundation is to raise endowed financial assets through acquisition of major and planned gifts in order to increase charitable giving.
2. Fundraising efforts resulting in contributions which, in part or whole, the contributor cannot deduct from their taxes because a benefit is received in exchange for the contribution. The primary fundraising effort generating this type of contribution is "*event based fundraising*". The term "*event based fundraising*" includes but is not limited to golf tournaments, receptions, dinners, parties, art or entertainment events, races, and auctions. Event based fundraising efforts come with significant tax, accounting and liability issues and are the primary focus of this policy. This policy distinguishes between component funds established by external parties and Affiliate / Unrestricted funds (funds established by and managed by the Foundation, including Giving Circles).

Regardless of the type of fundraising effort, NCCF must receive, at least 90 days in advance, all communication materials (printed or electronic) containing a solicitation or acknowledgement on behalf of a fund held by the Foundation, including the use of the Foundation's logo, name, or likeness. This applies to fundraising efforts regardless of the specifics of the solicitation. The Foundation reserves the right to approve, request changes, or disallow the use of these communication materials. Approval may be given by Community Leadership Officers or NCCF main office staff. All materials must clearly state funds are being raised "on behalf of the XYZ Fund, a component fund of the North Carolina Community Foundation" (rather than "by the XYZ Fund").

Fundraising efforts resulting in solicitations seeking direct and tax-deductible gifts to all NCCF funds.

Gifts in response to these fundraising efforts can be made online or mailed to NCCF offices. The gift should be payable to the "North Carolina Community Foundation" and clearly note the intended fund name in memo line or accompanying documentation. All gifts in this category will be acknowledged according to NCCF gift acknowledgement policies set forth in the NCCF Charitable Giving Guide.

Component funds established by external parties - Event based fundraising

Donors are disallowed from sending individual payments for which any portion is not considered charitable. Event based fundraising may be conducted by component fund holders subject to the following:

- Event organizer collects all contributions and pays all expenses associated with the event, and remits the net proceeds to NCCF for a lump sum donation to the fund. NCCF will not reimburse event organizer for expenses incurred by the organizer for the event.
- Agency fund holders with a 501(c)(3) may deposit net proceeds into the organization's NCCF fund. The agency is solely responsible for acknowledging gifts and ensuring compliance with all applicable local, state, and federal tax and solicitation laws and regulations.
- Unless the event is sponsored by a qualified charitable organization, and the sponsoring organization has provided a tax receipt, donors may not deduct the contribution for tax purposes.
- The organizer may keep records of contributors and provide a courtesy acknowledgement. The acknowledgement letter may not include language stating the acknowledgement serves as a receipt for tax purposes or reference tax deductibility.
- All communications, including acknowledgements furnished by the organizer, should clearly relay that net proceeds will benefit the general purpose of the fund, and all written materials should state "Net Proceeds of this event will be contributed to the *Name of Fund* of the North Carolina Community Foundation."
- NCCF's tax exempt ID cannot be used in solicitation materials.
- The Foundation will not sign or pay for any event expenses or sign any contracts. Event organizers are responsible for obtaining and/or paying for all necessary permits, financial accounts, licenses, insurance, contracts, etc.

Affiliate and Unrestricted Funds - Event based fundraising

Approval of Event

The primary reasons for completing a NCCF event application are risk and gift recording considerations. An application should be submitted any time an event has at least one of the following elements: more than 800 attendees, serves alcohol, contains an activity that could result in injury, or an exchange transaction resulting from a solicitation.

At least ninety (90) days prior to the event or before any promotional/marketing material has been ordered, whichever comes first, the fundraising group must complete the *NCCF Application for Fundraising Event* by contacting your NCCF Community Leadership Officer. The fundraising group **must** receive approval from the Foundation to host the event. If the fundraising group fails to obtain approval, the Foundation will not accept any liability for the event (i.e. no insurance coverage will be provided), the name "North Carolina Community Foundation" may not be used and our staff will be unable to assist. Applications are to be submitted to your NCCF Community Leadership Officer.

A separate application must be submitted for each event occurrence. Submitting an application and prior approvals do not guarantee future approval. The Foundation will consider the following criteria before approving an event application:

- Fundraising efficiency – Does the event generate sufficient revenues relative to the event costs.
- Is the event seeking to generate funds for the purpose of building permanent assets?
- Affiliate fund exposure – Is the event’s purpose consistent with and provide meaningful publicity for the Affiliates mission?
- Risk -Does the event include activities that pose a risk to participants or the Foundation?

If approved, the local event coordinator will receive a copy of the *NCCF Application for Fundraising Event* signed by either by a member of the Finance department.

Responsibilities of the Foundation

- Provide appropriate acknowledgements to donors (see Contribution section of the NCCF Charitable Giving Guide)
- Pay invoices for expenses incurred through the fund.

Responsibilities of Affiliate or Fundraising Group

- Contact your NCCF Community Leadership Officer for approval at least 90 days prior to event planning (if an event is held and it was not submitted to and approved by the Foundation, there is no insurance coverage for that event and NCCF may reserve the right to provide no support)
- Complete *NCCF Application for Fundraising Event* and submit to your NCCF Community Leadership Officer.
- Plan, staff, and market fundraising event
- Ask your NCCF Community Leadership Officer for a *Fundraising Event Checklist* to ensure appropriate steps have been taken
- Submit all invoices to the Foundation for review and payment
- Secure local sponsors if needed to underwrite cost of event
- Deliver all proceeds along with event records to the Foundation within 14 business days after the event
- Comply with all federal and state laws and local ordinances
- Meet requirements for licensing, tax payment, and liability insurance covering the North Carolina Community Foundation.

Gaming and High Risk Events

The North Carolina Community Foundation is bound by state and federal regulations that prohibit or limit certain gaming activities such as casino/gambling and raffles. A legal and compliance review by NCCF legal counsel and Finance is necessary before undertaking such events.

Events that involve high risk activities that could invoke bodily harm to the participants are generally not approved. These include, but are not limited to, certain sporting events and water-related activities.

Income and Payment of Expenses

- The fundraising group must submit an anticipated budget as part of the *NCCF Application for Fundraising Event* form detailing projected income and expenses.
- The Foundation pays all fundraising expenses through the endowment fund for which monies are being raised.
- The Foundation requires that all new vendors for an event complete a W-9 form for end-of-year tax reporting purposes. Please speak with your local Foundation Representative to secure a W-9 form.
- Submit all event income and expenses to your NCCF Community Leadership Officer. Your Community Leadership Officer should be consulted prior to purchases made on behalf of the fund and can provide the NCCF check issuance schedule.
- Unauthorized expenses (those not approved on the Application for Fundraising Event or by your NCCF Community Leadership Officer) are subject to denial for payment or reimbursement by the Foundation. Coverage of such unauthorized expenses may therefore become the responsibility of the fundraising group to pay.

Contributions

- Cash or checks received are to be verified by two separate parties prior to being submitted to the NCCF.
- Checks related to the fundraising event must be made payable to the “North Carolina Community Foundation” and clearly note the intended fund name in memo line or accompanying documentation.
- Cash must be converted to a cashier’s check or money order and submitted with identifying donor documentation. The NCCF Community Leadership Officer will submit contributions to the Foundation on a weekly basis with the appropriate documentation.
- All proceeds, checks and cash, must be delivered to the Foundation along with event records, showing all monies received, within 14 business days of the fundraising event.
- The Foundation does accept credit card gifts on our website or with proper documentation (Foundation Community Leadership Officer can provide form). A fee (in the amount of 3% of the gift processed) is assessed the fund for every credit card gift.

Liability Issues

Liability issues must be discussed in the planning stages of the event with your Foundation Community Leadership Officer.

Many fundraisers sponsored by affiliate organizations are covered under the North Carolina Community Foundation’s insurance liability policy. Based upon information provided in the *NCCF Application for Fundraising Event* form, the Foundation will assess whether:

- 1) the event is covered;
- 2) the event is not covered as currently configured, needs to be modified, or will not be permitted.

The Foundation will not pay for additional insurance premium beyond standard coverage. The Foundation may request that the local event coordinator work with the venue management to have the North Carolina Community Foundation named as an additional insured on the venue's insurance policy for the event. The venue's insurance company would then provide, to the NCCF a copy of a certificate of insurance naming the NCCF as an additional insured.

Alcohol may only be served by a licensed caterer, hotel, restaurant or other facility that holds its own alcohol permit. This includes events hosted at a personal residence or other type of premises not licensed to serve alcohol in the normal course of business.

If proper procedures are not followed, the event is **not** considered to be a NCCF sponsored event and NCCF cannot be held liable for any loss or damage occurred at, by, or because of the event.

NCCF requires that each group appoint a safety coordinator for the event (before, during, and after) to monitor potential safety issues such as spilled food and slippery surfaces, floors free of obstacles such as electrical cords, appropriate signage for parking and emergency building evacuation, safe cooking equipment/setup/ventilation, and any other potentially unsafe practices or circumstances. Your safety coordinator should have the authority to ensure unsafe situations are rectified.

The Foundation reserves the right to refuse to participate in any fundraising event that is deemed a liability to the Foundation or that is deemed to be outside the mission of the Foundation.

Acknowledgements and Tax Requirements

Due to strict requirements of the IRS, all tickets and invitations to a fundraiser should contain the following tax information:

“Your ticket price includes the fair market value of goods and/or services received, estimated to be \$_____. The remainder of \$_____ is tax deductible. These amounts are estimates and the tax payer has responsibility for his/her own tax reporting.”

The information to be filled in is based on the *NCCF Application for Fundraising Event*.

The Foundation's policy is to issue an acknowledgement for every tax-deductible contribution and as required by the IRS. Your NCCF Community Leadership Officer may assist the event coordinator in documenting contributions and will require the following:

- Donor's complete name and address
- Date and amount of contribution
- Fair market value of goods and/or services

Any sponsorships or contributions where no goods or services are received should be submitted to your NCCF Community Leadership Officer to document. The NCCF will send an acknowledgement to the donor. Your NCCF Community Leadership Officer may assist with documenting any donated items and NCCF will provide the acknowledgement to the donor.



NATIONAL STANDARDS FOR U.S. COMMUNITY FOUNDATIONS

(As approved by the Community Foundations Leadership Team on June 8, 2000 and including explanatory language as of June 10, 2004 and a technical correction as of March 24, 2004)

I. Definition of a U.S. Community Foundation

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, non-sectarian philanthropic institution with a long term goal of building permanent, named component funds established by many separate donors for the broad-based charitable benefit of the residents of a defined geographic area, typically no larger than a state.

Explanation: In addition to the definition above and the characteristics below, a “U.S. Community Foundation” is defined as a community foundation located in and primarily serving a geographic area in the fifty states, one district and fourteen territories that comprise the United States.

II. Mission, Structure and Governance

- A. A community foundation is founded and operated for public benefit and has a well-defined, articulated mission.
- B. A community foundation is recognized by the Internal Revenue Service (IRS) as tax-exempt under Internal Revenue Code Section 501(c)(3), organized and operated exclusively for charitable purposes.
- 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
- D. A community foundation has an independent governing body broadly representative of the community it serves.

Explanation: “Governing body” means the board of directors or board of trustees of the organization. “Broadly representative” means that the governing body reflects the diverse composition and different perspectives of the community it serves, and its members are not drawn solely from a single subset of the community.

- 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.

Explanation: “The governing body must have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if, in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. The governing body must be able to modify the restriction without obtaining the approval of any participating trustee, custodian, or agent of the community foundation.” (Legal Compendium for Community Foundations, Christopher R. Hoyt, Council on Foundations, 1996)

For those community foundations with assets held in trust, the governing body must also have the authority to remove the trustee responsible for those assets in at least two circumstances. This power of removal must be available if the trustee breaches its fiduciary duty or if the trustee fails to produce a reasonable return on investments. The governing body of a corporation normally has the power to remove asset managers, so the power need not be separately articulated in the governing instruments of the corporation. However, provisions in gift agreements that attempt to restrict this power would be material restrictions and should not be accepted by a community foundation.

- F. A community foundation serves a particular geographic area such as a municipality, county, state, metropolitan area, or closely related aggregation of such areas that are considered for some purposes as a community, typically no larger than one state. An organization serving a single greater metropolitan area would satisfy this criterion even if that greater metropolitan area included parts of several states. This criterion excludes national and multi-national organizations.

Explanation: Service to a particular geographic area typically includes grantmaking, community leadership, and service to donors in that identified area. Unrestricted/discretionary funds primarily serve the community foundation's identified geographic area; other grants may be distributed beyond that area.

- G. A community foundation's governing body:
1. is responsible for the mission, direction, and policies of the organization.
Explanation: The governing body of the community foundation is the ultimate fiduciary and is legally accountable for all of the activities of the organization, even when it delegates responsibility.
 2. ensures adequate human and financial resources and actively monitors and evaluates the organization's chief executive officer.
Explanation: Human resources may include paid or unpaid staff. It is the responsibility of the governing body to provide adequate resources to meet the National Standards.
 3. approves policies to prevent perceived, potential, or actual conflicts of interest.
 4. serves without compensation (exclusive of the chief executive officer.)
 5. is not controlled by any other nonprofit organization, or by any single family, business or governmental entity or any narrow group within the community.
 6. reviews and adopts an annual operating budget.
 7. ensures that the governing documents include policies for size of the board, required number of meetings annually, limits of members' terms, and structure and responsibilities of standing committees.
 8. ensures that the community foundation reflects the diversity of the community it serves.
ensures that the community foundation meets all laws and legal requirements.
approves all grants.

III. Resource Development

- 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.
- B. Contributions to a community foundation represent irrevocable gifts subject to the legal and fiduciary control of the community foundation's governing body.
- C. A community foundation has a long-term goal of securing resources to address

the changing needs of the community it serves.

- A community foundation accepts and administers a diversity of gift and fund types to meet the varied philanthropic objectives of donors.
- D. A community foundation adopts gift and fund acceptance policies that address minimum fund size, types of fund options, types of gift mechanisms, and policies and procedures for accepting various types of assets, and makes these policies available upon request.
Explanation: This item promotes accountability, policy and process disclosure, and consistency. Fund acceptance policies include purpose and use of the fund.
- E. During the gift planning process, the role and relationships of all parties involved are fully disclosed to the donor.
Explanation: The intent is to disclose any financial benefit that might accrue to a third-party participant in the gift planning process.

IV. Stewardship and Accountability

- A. A community foundation is a steward of charitable funds, investing and prudently managing funds and maintaining accurate financial records.
- B. A community foundation is accountable to the community it serves and regularly disseminates information on its programs and finances.
- C. A community foundation maintains a written record of the terms and conditions of each component fund and all such records must reference the variance power.
- D. A community foundation honors the charitable intentions of its donors consistent with community needs and applicable laws and regulations.
- E. A community foundation observes the balance between donor involvement and governing board control and complies with applicable laws and regulations.
- F. A community foundation ensures that the foundation's financial resources are used solely in furtherance of its mission.
Explanation: Some examples of intent here include 1) salaries and benefits are within a range considered reasonable and customary for community foundations of similar size and taking into account the background and experience of staff, and 2) assets of the foundation are not used for personal benefit of either board or staff.
- G. An annual audit (financial review when assets total less than \$1 million) is performed by an independent public accountant, reviewed and accepted by the governing body and made available to the public upon request.
- H. A community foundation
 1. has investment policies that include asset allocation guidelines, a spending policy, and criteria for measuring investment performance.
 2. makes available to the public upon request the names of its investment managers, fees charged (including investment and administrative fees), governing body, or appointees responsible for investment oversight and investment.

V. Grantmaking and Community Leadership

- A. A community foundation operates a broad grants program to multiple grantees that is limited neither by a single focus or cause nor exclusively to the interests of a particular constituency.
- B. A community foundation awards some grants from its discretionary resources through open, competitive processes that address the changing needs of the community.
- C. A community foundation widely disseminates grant guidelines to ensure the fullest possible participation from the community it serves.

- D. A community foundation performs due diligence to ensure that grants will be used for charitable purposes.
Explanation: Due diligence applies to all grants made by the foundation, and includes gathering and evaluation of information on the grantee and may include the intended use of the grant. Vigilance regarding quid pro quo benefit to a donor advisor would fall within the scope of this item.
- E. A community foundation works to identify community issues and opportunities and acts as a leader and convener, using its human and/or financial resources to address immediate and long term community issues and opportunities.

VI. Donor Relations

- A. A community foundation informs and educates donors about community issues and grantmaking opportunities.
- B. A community foundation actively involves donors in identifying and responding to community issues and opportunities.
- C. A community foundation promptly and accurately acknowledges gifts.
- D. A community foundation provides fund statements, at least annually, to those donors who wish to receive them.
- E. All private information obtained with respect to donors and prospects is kept confidential to the fullest extent possible.

VII. Communications

- A. A community foundation communicates openly and welcomes public scrutiny.
- B. A community foundation has a communication strategy that includes a report, widely distributed at least annually, which describes the community foundation's mission, activities, and financial operations.