



# AFFILIATE MANUAL

# TABLE OF CONTENTS

**01**

## **GOVERNANCE**

Six Phases of Affiliation  
Application for Affiliate Status  
Affiliate Agreement  
Administrative Guidelines  
Meeting Checklist

**02**

## **BOARD EDUCATION**

History  
What is a Community Foundation?  
What is Affiliation?  
Benefits of Affiliation  
Rural Development Philanthropy  
Transfer of Wealth (TOW) Regions  
Board Engagement Commitments  
Philanthropic Values

**03**

## **FINANCE**

Types of Funds  
Contribution Submission Guidelines  
Gift Receipting Procedures  
Donor Initiated Fundraising

**04**

## **GRANTMAKING**

FAQs of Grantmaking  
Grant Application  
Grant Grading Rubric  
Reporting Form

**05**

## **REPORTING**

Annual Reporting Schedule  
Annual Review Guidelines

**06**

## **POLICIES**

Administrative Fee Schedule  
Gift Acceptance Policy  
Investment Policy  
Conflict of Interest Disclosure  
Donor Confidentiality and Privacy Policy

**07**

## **FORMS**

Application for Affiliate Status  
Advisor Contact Form  
Contribution Submission Form

Grant Recommendation Form  
Reimbursement Form

Conflict of Interest Disclosure  
Donor Confidentiality

01

# ESTABLISHMENT & GOVERNANCE

## Starting an Affiliate Community Foundation – The Six Phases

### 1. Assessment

- ☐ A core group of interested community members explores the affiliate concept as a potential way to build local philanthropy.
- ☐ An initial meeting of key community leaders is convened to determine their level of acceptance of the idea and commitment to successful implementation. This meeting should be coordinated with the Foundation for Appalachian Kentucky to allow for staff to be present and help answer any questions.
- ☐ Individuals are assigned to two study groups (Community Mapping and Fostering Support) to conduct the feasibility phase. Allow 3-4 weeks for feasibility phase.

### 2. Feasibility

Community Mapping - Examine the local climate of community and economic development. Questions to Address:

- What community initiatives currently exist?
- How many nonprofits are located in the area? What are their sources of support?
- What local economic development initiatives have been started?
- Who controls the wealth—created in the past or present—and are they philanthropically inclined?
- Are there local foundations?
- Are local corporations and companies socially responsible?
- What other campaigns occur locally? Do they meet their goals?

Fostering Support - Determine the source of the initial funds to establish a community foundation fund for the defined geographic area.

- Pooled gifts from major individual donors
- A company or developer that is engaged in a new project in the area may desire to establish themselves as a good corporate citizen.
- Local business leaders
- Matching fund campaign?

- ☐ Local sponsors are identified that might be able to assist in launching the new affiliate. Examples with compatible interests include:
  - Chambers of Commerce
  - United Way
  - Community & Economic Development Agencies
  - Neighboring Affiliates
  - Others identified in the local community



### 3. Formation

- ☐ Select the Name
  - Linked to geographic area of service
  - Determine a name to clearly define the area for residents and nonresidents
- ☐ Identify and cultivate potential members of the first board; some may be steering committee members, others may be new to the concept (People to consider for the board- bankers, businesses, professional advisors, such as estate planning attorneys, financial advisors and certified public accountants, as well as other community leaders.)
- ☐ Seed the first permanent endowed, unrestricted named fund
- ☐ Public Education
  - Announce the work of the steering committee
  - Begin to envision the role of your local affiliate community foundation

### 4. Creation

- ☐ Establish first Board of Advisors
  - Complete application and agreement to affiliate
  - Adopt administrative guidelines
  - Select Officers
  - Read and understand the Affiliate Procedural Manual
  - Record Official Meeting Minutes to submit with documentation for request to become an affiliate
- ☐ Request formal affiliation with the Foundation – the steering group signs affiliate agreement
  - Clarifies mutual responsibilities and expectations
  - Affiliate legally may operate as a nonprofit affiliate in accordance with Foundation policies and procedures

### 5. Visioning

- ☐ Work with staff of the Foundation for Appalachian Kentucky to conduct long range planning process to set long-term vision, annual benchmarks, and a work plan, including a long-term endowment goal encompassing fundraising and development strategies.
- ☐ Develop a grantmaking strategy to effectively impact your community
- ☐ Host meetings and give presentations to introduce local nonprofit and community organizations to the concept, explain the advantages and clarify ways in which a local affiliate community foundation can enhance, not hinder, local non-profit fundraising.
- ☐ Set regular meeting schedule, notifying Foundation for Appalachian Kentucky staff at least 1 week in advance of meetings.

## 6. Fundraising & Development

### Fundraising

- Create a signature/kick-off event
- Set yearly fundraising goal  
(Endowment and Spendable)

### Development

- Work with Foundation staff to create a Donor Development plan
- Execute Donor Development Plan
- Work with Foundation staff to create customized education for the Board of Advisors



## Application for Affiliate Status

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### Primary Contact

Attach a roster of the steering committee and minutes of the meeting at which the individual listed was authorized to sign affiliation documents on behalf of your group.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

### Affiliate Community Foundation Funds\*

Minimum Requirement:

- At least one unrestricted, permanent endowed fund with a minimum deposit of \$1,000 and a minimum goal of \$25,000 over five (5) years; and
- An unrestricted, non-endowed administrative fund with a minimum deposit of \$500 and a minimum goal of \$5,000 over five (5) years.

### Endowment Fund

Name: \_\_\_\_\_ Endowed Assets: \_\_\_\_\_

Geographic Service Area: \_\_\_\_\_

Stated Purpose:

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### Administrative Fund

Name: \_\_\_\_\_ Non-Endowed Assets: \_\_\_\_\_

\*Named Fund Agreement(s) must be attached for each fund.



**FOUNDATION FOR APPALACHIAN KENTUCKY  
AGREEMENT TO ESTABLISH**

**(NAME)**

**AN AFFILIATE COMMUNITY FOUNDATION OF THE  
FOUNDATION FOR APPALACHIAN KENTUCKY**

This Agreement is made as of \_\_\_\_\_ by and between (Name) (hereinafter "Affiliate"), with the Foundation for Appalachian Kentucky (hereinafter "Foundation").

**WHEREAS**, the Affiliate Board of Advisors has requested that the Foundation establish an affiliate community foundation to meet the charitable needs of residents of (Specific Geographic Area); and

**WHEREAS**, the Foundation is non-profit Kentucky corporation exempt from taxation under Internal Revenue Code Section 501 (c)(3), a public charity described in Section 170(b)(1)(A)(vi) of the Code, and accordingly n appropriate institution within which to establish such a charitable fund; and

**WHEREAS**, the Foundation, is willing to establish the Affiliate as an affiliate community foundation on the terms and conditions contained in this agreement;

**NOW THEREFORE**, the parties agree as follows:

1. The Affiliate operates under the governing instruments and control of the Foundation, and thereby, has the characteristics legally required for component fund status and public charity classification in compliance with the Internal Revenue Code as it applies to community foundations.
2. The Affiliate will have a broad-based volunteer Affiliate Board of Advisors made up of diverse representatives from the community. Members of this advisory committee are considered volunteers of the Foundation and shall fall under the conflict of interest policy, Donor Confidentiality and Privacy Policy, and other relevant policies covering all aspects of the Foundation management.
3. The Affiliate Board of Advisors will guide the purpose and use of the Affiliate's fund generation and distribution. The Affiliate will be responsible for the following:

- A. Operate under the Foundation's policies and procedures, including, but not limited to: the Foundation's gift acceptance policy, investment policy, accounting procedures, grantmaking procedures and Affiliate procedural manual.
  - B. Build permanent endowed funds to meet charitable needs of the Affiliate's defined geographic area
  - C. Establish and carry out a local grant making program, in coordination with the Foundation, by:
    - i. Developing grant making guidelines and procedures, including charitable objectives and priority areas to guide funding recommendations;
    - ii. Receive and evaluate proposals submitted to the Affiliate in keeping with its grant program;
    - iii. Submit recommendations for competitive and discretionary grants from Affiliate fund(s) to the Foundation's Board of Directors for disbursement.
    - iv. Collect grant reports from grant recipients
  - D. Serve as an information source to the Foundation in regard to the Affiliate area by;
    - i. Providing current information that can be used to update a portion of the Foundation's website regarding Affiliate activities;
    - ii. Providing information about various constituents in the Affiliate area, to be included in Foundation's database, that would benefit from receiving information about the Foundation; and
    - iii. Help identify specific needs, opportunities, and emergencies in the Affiliate area in keeping with the overall mission of the Foundation.
    - iv. Maintain a commitment to regional collaboration and transparency
  - E. Work in conjunction with Foundation staff to promote the Affiliate and the Foundation through local press releases, promotional materials, webpages and speaking engagements and identify its affiliate relation with the Foundation in all printed material. All costs associated with marketing materials and other printed and electronic media must be paid for by the Affiliate.
4. The Foundation will provide the following support, in partnership with the Affiliate:
- A. Finance and Administration:
    - i. Facilitation of first-year Board of Advisors meetings for planning and development of the Affiliate;
    - ii. Acceptance, receipting and recording all gifts, contributions, and disbursements in accordance with the Foundation's gift acceptance policy

- iii. Tracking and reporting donor information and giving histories;
- iv. Execute a fund agreement for every fund established by the Affiliate specifying the name, scope of charitable purpose, manner of distribution and any additional advisors to the fund;
- v. Investment management of Affiliate fund(s) assets as part of the Foundation's pool of funds;
- vi. Quarterly financial statements indicating the balance of the Affiliate fund(s) and/or funds identified with the Affiliate and all fund activity including investment returns, contributions received on behalf of those fund(s), and disbursements made from those funds;

B. Program and Grant Making:

- i. Assistance regarding best practices in grant review and due diligence, including use of Foundation grant applications, forms and templates; and
- ii. Grant processing, including grant award letters, contracts, and grant payments

C. Assistance with identifying prospective donors from the Foundation donor base. The Foundation will also provide training and consultation, as needed, in donor development and stewardship, planned giving, effective fund raising, and communications

D. Promote the Affiliate through effective communication strategies and activities by:

- i. Providing the Affiliate a logo with a similar look to the Foundation logo, indicating the affiliate relationship;
- ii. Listing the Affiliate in the Foundation's annual report and other marketing materials
- iii. Providing a webpage on the Foundation's website for the Affiliate and providing online giving access for contributions to the Affiliate.

5. All funds established on behalf of the Affiliate are the property of the Foundation, which shall have discretion and control over the investment, management and use of funds consistent with the charitable purpose of both the Foundation and the Affiliate. The Affiliate is required to seed the following funds upon inception:

- A. Affiliate Endowment Fund – a permanent fund in which only a small portion of the fund's average balance is available for distribution each year. Contributions to this fund shall be unrestricted, and may be used for local grant making and special projects as recommended by the Affiliate.
- B. Affiliate Administrative Fund – a non-endowed fund in which the entire fund balance is available for distribution. Contributions to this fund will be used to support day-to-day operational activities of the Affiliate.

- C. Affiliate funds will be charged the Foundation's standard Affiliate management fees in accordance with the standing administrative fee schedule approved by the Foundation's Board of Directors. In applying prudent fiscal policies, the Foundation's Board of Directors has established fees to provide for the ongoing management and administration of the affiliates. Fees are structured with the objective that each fund supports the financial and administrative services provided to it.
- 6. The Affiliate shall not enter into any contract or legal agreement without prior approval from the Foundation. Any material of a public relations, information, or advertising nature must be approved by, or provided by, the Foundation.
  - 7. To avoid confusion and misunderstandings, the Foundation wishes to ensure that all donors, potential donors and stakeholders understand the Affiliates are part of the Foundation, and that their operations are subject to the supervision and control of the Foundation. Therefore:
    - A. The Affiliate must use the logo and website provided by the Foundation, rather than develop their own logo and brand;
    - B. All written communication describing an Affiliate, soliciting funds for an Affiliate and/or to be identified with an Affiliate, or encouraging public involvement with an Affiliate, shall clearly state that the Affiliate is an affiliate of the Foundation; and
    - C. The Foundation reserves the right to approve, and if necessary revise, written communications as defined above to ensure that they are appropriately informative regarding the role of the Affiliate, and otherwise reflect the Foundation's mission and policies.
  - 8. The Affiliate is considered inactive if, within a two year period, the Board of Advisors has not met and provided grant recommendations, minutes of any meeting or an annual update of activity to the Foundation. Additionally, the Board of Advisors shall cease to exist if, for a two-year period, attempts to contact the Board of Advisors have been unsuccessful and no grants have been recommended, or if, at any time, the Board of Advisors consists of fewer than five members. In the event the Affiliate becomes inactive, the Foundation Board of Directors shall:
    - A. Recruit five (5) new member from within the defined geographic area to serve as a replacement to the Affiliate Board of Advisors
    - B. As a general rule, monies available for distribution within the Affiliate will be distributed at least annually. Accordingly, if funds are available for grantmaking and grants have not been made in the previous two years, in the next year the Foundation Board of Directors may use its own discretion in allocating such funds to nonprofit organizations in the defined geographic area. The Affiliate Board of Advisors would be contacted prior to any such allocation.
  - 9. In order to adapt to changing circumstances or respond to new issues or opportunities, specific terms of this agreement may be modified by mutual agreement of the Affiliate Board of Advisors and the Foundation Board of Directors.

By execution of this Agreement, the Foundation and Affiliate signify their acceptance of the terms and conditions as set forth herein.

**IN WITNESS WHEREOF**, the Affiliate and the Foundation hereto have executed this Agreement as of the day and year first above written.

FOUNDATION FOR APPALACHIAN KENTUCKY, INC.

By: \_\_\_\_\_

(NAME) Affiliate

By: \_\_\_\_\_

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



## **Administrative Guidelines**

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### **Purpose and General Description**

Each Affiliate will be facilitated by a local leadership group called a Board of Advisors. The role of the Affiliate Board of Advisors is to develop philanthropic funds for broad charitable purposes within specific geographic boundaries. The Administrative Guidelines explains how the Affiliate operates its Board of Advisors and sets a baseline of expectation for the Affiliate's structure.

### **Composition of Affiliate Board of Advisors**

Each Affiliate Board of Advisors is composed of no fewer than 5 and no more than 15 members (optimum number is 9). Affiliate Board of Advisors should be broadly representative of the geographic area served.

### **Responsibilities of Board of Advisors**

Board of Advisors:

1. Serve as Ambassadors by being articulate about the Affiliate; identify potential supporters of the Affiliate; identify people of achievement and distinction who can serve on the Board; understand the relationship between the Foundation and Affiliate; and reach out to community leaders and assist in connecting them to the Fund;
2. Participate actively by having a strong pattern of attendance; prepare for meetings by reviewing materials; and proactively bring pertinent items to the attention of the Board;
3. Avoid conflict of interest and ensure confidentiality by maintaining confidentiality of Board deliberations; avoid even the appearance of a conflict of interest; disclose any possible conflicts in a timely fashion; and annually sign the Foundation conflict of interest and confidentiality policy forms;
4. Promote the Affiliate in coordination with Foundation staff by soliciting gifts to the Fund in accordance with Foundation policies and reach out to professional advisors to assist in connecting them to the Foundation and the Affiliate;
5. Promote the establishment of charitable funds associated with the geographic area served;
6. Evaluate and advise grant requests by making recommendations for distribution from the Affiliate to the Board of Directors of the Foundation; and
7. Exercise leadership by keeping abreast of issues within the geographic area as well as issues within the philanthropic field; uphold the standard of 100% participation in an annual gift to the Affiliate (unrestricted gift); and participate on subcommittees as appropriate.
8. Comply with Foundation policies and guidelines to assist the Foundation with keeping up with Council on Foundations National Standards.

## **Board of Advisors Leadership Roles**

The Board of Advisors Chair, Vice Chair, Secretary, and Treasurer will work together to ensure consistent leadership succession planning. The offices of secretary and treasurer may be combined in the same person. Officers will serve one (1) year terms. The Chair shall serve no more than three (3) consecutive one year terms.

### **Chair:**

- Presides over meetings
- Ensures each subcommittee has an appropriate number of volunteers
- Oversees Board nomination and recruitment
- Maintains compliance with Foundation policies and procedures
- Understands and articulates the relationship between Affiliate and the Foundation
- Works with Foundation staff to plan and implement annual priorities
- Fills out & signs Affiliate Grant Recommendation Form
- Works with Secretary to create agenda for meetings

### **Vice Chair:**

- Performs the duties and exercises responsibility of the Chair during the absence or unavailability of Chair
- Takes a more active role during the transition year to ensure a smooth transition

### **Secretary:**

- Record all proceedings of the members of the Board of Advisors.
- Submits the minutes of each meeting of the Board of Advisors to the Foundation
- Works with Board Chair to create agenda for meetings
- Gets list of donors from Foundation quarterly, in charge of Thank You Cards from Affiliate Board

### **Treasurer:**

- Receive and present a quarterly financial report from the Foundation to the Affiliate Board of Advisors
- Accurately submits all contributions for the Affiliate's fund(s) to the Foundation staff, following the Affiliate procedures
- Works closely with the staff of the Foundation for Appalachian Kentucky to maintain accurate financial statements, disburse checks, and precisely deposit funds into the Affiliate's account

## **Appointment of Affiliate Board of Advisors Members**

Affiliate Board of Advisors members are appointed by the Foundation's Board of Directors, typically at the first meeting of the fiscal year in January. The Board of Advisors presents a written recommendation to the Board of Directors. In order to have recommendations ready for the first meeting of the fiscal year, the Board of Advisors is encouraged to begin the nomination process by summer.

In the event of vacancies on the Board of Advisors due to death, resignation, incapacity to act or removal, the Board of Advisors may make a written recommendation to the Foundation's Board for appointment of a successor member at any time.

## **Terms of Service**

All initial members of the Affiliate Board of Advisors shall serve an initial term. Prior to the end of the Affiliate's first year of operations, the Board of Advisors shall select one-third of the initial members to serve for a one-year term; one-third of the initial members to serve a two year term; and one-third of the initial members to serve a three-year term. Thereafter, the term of office for each Advisory Committee member subsequently appointed shall be three (3) years.

The regular term of service is three (3) years. No member\* is eligible for reappointment to service more than two (2) successive full three-year terms, except when a member began their initial service as a member completing the unexpired term of another member. In such a case, a Board member may be appointed to complete the unexpired term and then may be appointed for up to two (2) additional three-year terms. Members who have served six (6) consecutive years are eligible for reappointment after a period of one (1) year.

\*The prohibition for serving on the Board of Advisors for no more than two (2) successive full three-year terms shall not apply to persons elected to leadership roles; however, no person shall serve more than twelve (12) consecutive years on the Board of Advisors.

## **Nominating Process for Board of Advisors**

In consultation with the Foundation's Board, the recruitment and nomination of potential members is the responsibility of the full Board of Advisors and may be facilitated by an Affiliate Nominating Subcommittee chaired by the Board of Advisors Chair.

## **Board of Advisors Subcommittees**

Each Affiliate will determine their readiness for establishing subcommittees. Readiness may be determined by the number of Board members currently available to serve and/or opportunities present in the community. The following are three subcommittees most often needed:

- A. Fund Development - The Fund Development Subcommittee plans and implements an overall development strategy for growing the Affiliate consistent with the Foundation policies and procedures. The development strategy includes gathering information on donor charitable interests, identifying ways to build relationships with professional

advisors and donors, creating donor recognition opportunities and promoting the establishment of charitable funds associated with the Affiliate. The strategy identifies roles and tasks for all members of the Board of Advisors.

- B. Grantmaking - The Grantmaking Subcommittee formulates and advises the grantmaking strategies for the Affiliate. The Board of Advisors as a whole will assess the community needs and recommend the broad grantmaking focus areas for the Fund. The subcommittee will review grant proposals and determine if the proposal should go to the full Board of Advisors for discussion. The Board of Advisors as a whole recommends grants to the Foundation Board of Directors for final approval. Subcommittee members should have broad knowledge of the community and, from time to time, make recommendations for proactive grantmaking.
- C. Nominating - The Nominating Subcommittee will identify potential members and interview those interested. In addition, the Nominating Subcommittee shall also recommend individuals, consistent with the qualifications outlined herein, to fill the leadership positions of Chair and Vice Chair. All recommendations for appointments are approved by the Foundation Board of Directors.

## **Rules of Order**

The Board of Advisors shall meet a minimum of four (4) times a year. Subcommittees may set their own meeting schedule to accomplish the tasks assigned to them and should report back to the full Board of Advisors in a timely manner. Board of Advisors meetings shall follow the basic Rule of Order to conduct business:

- A quorum must be present (either in person, or via telecommunications) to take official action. A quorum is defined as a majority (50% plus 1) of the Board of Advisors.
- All recommendations to the Foundation Board of Directors require approval by majority vote of those present at a Board of Advisors meeting at which quorum has been established.
- For voting, the following procedures will be used: The Chair will ask for a motion with a second; discussion will begin; Chair will ensure that all members have the opportunity to participate in the discussion; a vote will be taken; the vote will be noted in the meeting minutes; and abstentions (by name) will be recorded.
- Minutes will reflect the following information: members present; summary of agenda items discussed; all actions taken by a vote; and all conflict of interests and abstentions voiced.
- Minutes will be signed by Chair and submitted to the Foundation to be kept in Foundation archives as official committee records.
- If applicable, Affiliate Grant Recommendation Form, shall be filled out and signed by the Board Chair and shall be submitted with meeting minutes in order for the grant to begin being processed.
- Set next meeting date before the end of the meeting.

## **Affiliate Meeting Checklist**

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Affiliates' funds are permanent committees of the Foundation for Appalachian Kentucky and are advised by a diverse committee made up of representatives from the community they serve. The affiliate Board of Advisors are required to meet a minimum of four (4) times per year.

The Chair will convene each meeting and will serve as the communication liaison between the Affiliate and the Foundation.

The tedious logistics of setting up a meeting can be overwhelming, especially when there are a million meetings on our schedules each week. Here is a handy checklist for an affiliate Board of Advisors meeting.

### **15<sup>th</sup> of Every Month**

- ☐ All grant applications are due to Community Engagement Officer for due diligence before the next month's meeting.

### **One Week Prior to the Meeting**

- ☐ Chair/Secretary submits agenda to the Foundation, indicating time and place of the meeting.
- ☐ The Foundation will have financials ready for review & emailed to Chair/Treasurer for next scheduled meeting.
- ☐ Email Affiliate Board a reminder of the meeting and a copy of the agenda

### **During the Meeting**

- ☐ Secretary should record minutes
- ☐ Treasurer will collect and compile any gifts in compliance with the *Contribution Submission Guidelines*
- ☐ Discuss and approve any grant applications
- ☐ Write Thank You's to donors- list provided quarterly by the Foundation
- ☐ Select a location, date, and time for the next meeting

### **After the Meeting**

- ☐ Submit minutes to the Foundation within a week
- ☐ Submit all gifts to the Foundation in compliance with the *Contribution Submission Guidelines*
- ☐ Submit approved grant requests on signed Affiliate Grant Recommendation Form to Foundation staff to be processed.

The Foundation for Appalachian Kentucky maintains complete transparency between its affiliates and Board of Directors. Any questions, comments, or concerns that arise from an affiliate meeting are welcomed by Foundation staff.

02

## BOARD EDUCATION

## History of the Foundation for Appalachian Kentucky

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A community foundation is a community partner that creates a better future for all by pursuing the community's greatest opportunities and addressing the most critical challenges, inclusively uniting people, institutions and resources from throughout the community, and producing significant, widely shared and lasting results. Community foundations are institutions that can serve as anchors for equitable economic transition; community dialogue among intergenerational leadership; advocates for policy change; and powerful collaborators for leveraging resources.

The Foundation for Appalachian Kentucky formed as an independent organization recognized by the Internal Revenue Service as a 501(c) 3 non-profit community foundation in 2006. The Foundation for Appalachian Kentucky is a nationally accredited community foundation established in southeastern Kentucky for southeastern Kentucky. The National Standards for U.S. Community Foundations Accreditation Program certifies U.S. community foundations that meet and exceed federal and state law requirements in practice and by policy. The accreditation process is rigorous, and undertaking it demonstrates a community foundation's commitment to accountability and excellence to its donors, its community, policymakers, and the public.

The Foundation for Appalachian Kentucky is grounded in the principles of rural development philanthropy (RDP), a comprehensive approach to build the capacity of communities by engaging citizens as donors and planners. Through an intentional process of community engagement, the Foundation developed a strategic framework to be used as the basis for community building, capacity building and endowment building. Using this strategic framework as a guide, the Foundation makes grants, primarily with money passed through by others committed to the process, to implement projects within priorities determined by people in the region. These partnerships link wealth creation and community development through philanthropy.



## What is a Community Foundation?

The Foundation for Appalachian Kentucky is a 501(c)(3) non-profit, community based corporation created by and for the people of Southeastern Kentucky. We are here to help our citizens make a positive impact on the region through community building and philanthropy. **The main purpose of a community foundation is to serve the needs and philanthropic aims of people in the community – our donors – who wish to better their community, now and in the future by contributing to a permanent endowment for charitable purposes.**

Community Foundations can accept gifts of various sizes and types from individuals, corporations, government agencies, and other foundations. Nearly every type of gift- including real estate, closely held stock or artwork- can be given. **An endowment acts like a permanent savings account for the community from which a preset percentage of the interest earned can be granted out to the community each year. Since only a percentage is spent, the fund and the amount granted out to the community will continue to grow each year.**

Community Foundations manage several types of endowed funds to help donors give back to their communities and make a lasting impact on their hometown or a cherished activity. Gifts are always donor driven and donors can be as general or as specific as they choose to be in determining which charities benefit from their fund. Some examples include:

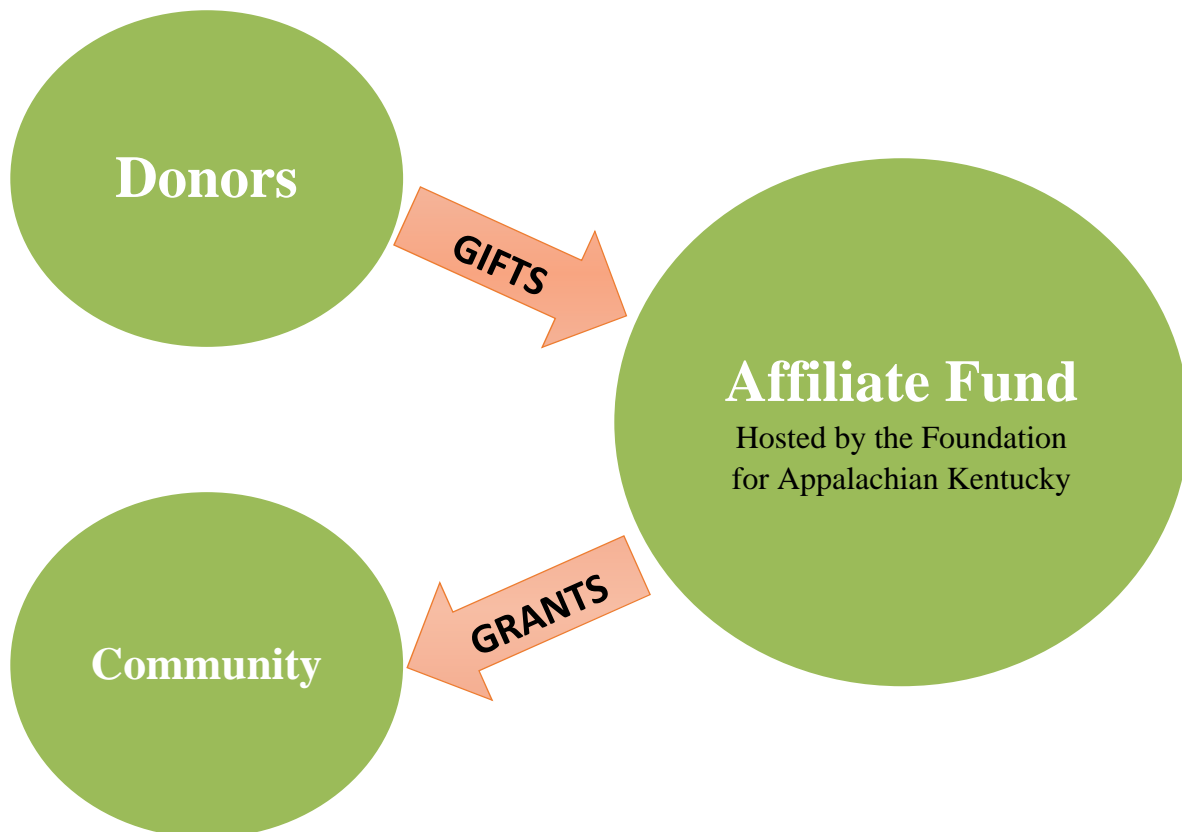
- Named Funds- for the purpose of make grants based on changing community needs and priorities; can focus on a specific designation or field of interest.
- Donor Advised Funds- involve the donor in selection of fund recipients
- Agency Endowment Funds- used to serve and support the overall mission of a specific organization.
- Community Fund- advised by a Board of Advisors used for the purpose of continued grantmaking within a specific geographic community
- Affiliate Community Foundation- A family of funds advised by a local Board of Advisors within the defined area of service.

Community Foundations may also accept non-endowed funds to pass-through short terms gifts used for a specific purposes or seedling funds that can be used to be principal until it reaches endowment level. ***Fundamentally, a community foundation represents a trust in the community and a commitment to its future.***



## What is Affiliation?

An “affiliate” is defined by the Foundation for Appalachian Kentucky as a component fund (or collection of component funds) established to serve a defined geographic region or purpose and managed by a local Board of Advisors. When a community affiliates with a host community foundation they are creating a “foundation within a foundation.” An affiliate community foundation operates with a primary endowment fund but may also host and advise additional types of funds including donor-advised funds. Ultimately the host foundation (Foundation for Appalachian Kentucky) has a responsibility to make sure the operations of the affiliate are meeting charitable standards.



### Benefits

- Local decision-making
- A permanent endowment to support community initiatives
- Low administrative cost
- Financial & investment management services
- Do not need to create a separate 501(c)(3)

### Primary Responsibilities

- Maintain a local Board of Advisors
- Meet as a Board and take meeting minutes
- Grantmaking and grant reporting
- Donor relations and fund development
- Local marketing
- Adhere to Foundation policies & guidelines



## Benefits of Affiliation

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An affiliate is a permanent, steady, and secure source of grant making that addresses present and future community needs. Communities that create an affiliate effectively pool resources for community betterment, benefit from experienced investment and administration services, and generate increased awareness of community needs and citizens' philanthropy. There are multiple benefits for a community to establish an affiliate fund with the Foundation.

The following are some of the primary benefits:

### Nonprofit Status

The Foundation is a 501(c)(3) tax-exempt organization and its affiliates operate under the 501 (c)(3) status and tax ID of the Foundation. Therefore the affiliate does not have to get its own separate nonprofit incorporation or 501 (c)(3) tax exemption and enables the affiliate to receive tax-deductible contributions. The Foundation issues charitable receipts conforming to IRS standards.

### Local Control

Each affiliate is governed by a locally selected advisory board charged with deciding how affiliated fund charitable dollars are spent. The Foundation has a legal responsibility for all funds entrusted with it to ensure that funds are used consistent with provisions of IRC Sec. 501(c)(3) and in compliance with donor intent.

### Financial and Administrative Services

Affiliated funds have access to The Foundation's financial and administrative services. The Foundation has the sole responsibility for all day-to-day financial activities, including recording contributions; making disbursements; cash management; preparing and filing IRS Form 990; obtaining an audit of its financial statements by an independent CPA firm and issuing the fund's financial reports.

### National Standards

The Foundation has received recognition for having organizational and financial practices that are in compliance with National Standards established by the Council on Foundations. This demonstrates the Foundation's integrity and accountability to donors.

## Experienced Investment

The Foundation's Investment Committee is composed of Foundation board and community volunteers primarily in the fields of banking, business, finance, and investment. They allocate funds in a portfolio according to a board approved investment policy. Although the Foundation is almost always the most efficient choice among financial management alternatives, the Foundation does offer affiliates the option to choose their own investment manager. Fund documents and policies and procedures are already created and ready for use by the affiliate.

## Marketing, Communications, and Web site

The affiliate shares in the public relations efforts of the Foundation and is featured in print pieces such as the Foundation's annual report, newsletters, e-mail blasts, and on the Foundation's website, all of which create affiliate awareness among the donor community. Foundation staff can furnish the affiliate with publicity materials, including sample news releases, fact sheets, and other documents and communication services, on an as-needed basis.

## Donor Development and Fundraising

Foundation staff has expertise in donor development and fundraising. Foundation staff and consultants can provide training to affiliates to create donor development work plans and help with implementation. The affiliate can participate in the Foundation's special events and functions and/or the Foundation will provide support for local affiliate events.

## Training and Technical Assistance

Foundation staff has expertise in community development, strategic planning, planned giving and the development of public-private partnerships. Foundation staff and Board Members are available to help funds get organized, provide guidance for strategic planning and advise on effective fundraising techniques. Workshops and resources on topics ranging from leadership development to donor visitation techniques are available.

## Gift Planning Assistance

The Foundation assists attorneys, CPAs, insurance agents, financial planners, bankers and brokers and their clients/donors with charitable gift planning. Brochures and materials on the benefits of charitable giving are available.

## Save Time and Resources

Being an affiliate saves precious time and resources by using the Foundation's existing processes and systems and non-profit status. Thus the affiliate is able to focus on addressing community issues and grow their fund.

# The Rural Development Philanthropy Framework

## RDP Definition

Rural Development Philanthropy (RDP) is a community-led approach that creates locally controlled assets and invests them to strengthen rural places. It builds a community's ability to shape a better future and promote the well-being of all community members. It unites the tools of community, economic, and resource development, engaging all people to come together with their voices, ideas, strategies, talents, and giving.

## RDP Outcome/Vision

Rural Development Philanthropy seeks rural community transformation in four areas:

- **People.** It improves the skills, confidence, and economic success of people who live there, especially marginalized and low-income people.
- **Culture.** It advances a culture where everyone belongs and everyone's participation is eagerly sought and valued.
- **Place.** It maintains and strengthens the value of natural and built resources that are critical to a place's present and future health.
- **Economy.** It increases ownership and prosperity in the local economy.

Overall, RDP communities build wealth at home and in their wider regions, and that wealth is more widely shared among individuals families, organizations, institutions, and businesses.

## RDP Defining Characteristics: The Fine Fifteen

More and more organizations in and across rural America are embracing Rural Development Philanthropy. Organizations that practice RDP are distinguished by how they act. These are the fifteen characteristics that distinguish an RDP organizations — five characteristics in each of three major categories.

We produce results that matter.	We forge and fortify community leadership, connections, and control.	We use, leverage, and build every asset.
1. We address the tough or critical issues facing communities. 2. We are persistent and patient — working over years if that's what it takes. 3. We unite the tools of community development, economic development, and philanthropy to produce substantial and sustainable results. 4. We are flexible, responsive, and creative in identifying and addressing community ideas and opportunities. 5. We are measured by our community — based on community results, not on our financial assets or the interests of a chosen few.	6. We seek, respect, and listen to voices within all cultures and classes in order to build a more just community. 7. We actively engage those who are most often left out of decision-making. 8. We work to ensure that power and decision-making are in the hands of all those affected by the decision. 9. We partner with those willing to work for change. 10. We build capacity in the community to do more and do better to control its own future.	11. We identify every asset — hidden and known, from inside and outside the community — that communities can use to make things better. 12. We encourage the giving of time, talent, creativity, and dollars. 13. We champion and celebrate giving by everyone in the community, no matter the amount. 14. We build locally controlled unrestricted and permanent financial assets that provide flexibility to meet changing needs and opportunities. 15. We strengthen capabilities and develop assets that “stick to” the community and provide long-term value and resilience.

## What is TOW (Transfer of Wealth)?

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America is in the midst of the greatest intergenerational transfer of wealth (TOW) in our history. Between 2017 and 2066, we estimate that \$72 trillion (in 2016 dollars) will transfer from one generation to another in the U.S. In the coming decade, 2017 through 2026, the TOW opportunity is over \$7.7 trillion. TOW is an estimate of American household wealth from which charitable giving could be realized. Our analysis yields a conservative estimate of TOW, discounting wealth that is unlikely to be available for charitable giving.

### Why TOW Matters?

America's communities are struggling to find the financial resources necessary to support community and economic development. Traditional sources such as government funding are stagnant or declining. In this environment, possibly the single largest underdeveloped resource is community-based philanthropy fueled by capturing some portion of the TOW opportunity. As we search for the dollars we desire for community betterment works, your community's TOW opportunity represents a significant potential answer. The United States is in the midst of its greatest household intergenerational transfer of wealth (TOW) in our history. The Center for Rural Development has completed new TOW scenarios for the United States (May 2017) that predict between 2017 and 2066 \$72 trillion (in 2016 dollars) will transfer from the current generation to the next. In the coming decade (2016-2026) alone we estimate that \$7.7 trillion of intergenerational household wealth will transfer. Considering only the 10-year TOW opportunity of \$7.7 trillion, if just an additional 5% of this potential was gifted to community and organizational endowments an additional \$384 billion could be capitalized.

**Every county and community has philanthropic potential. Some communities have more potential because they have more households and other counties have more potential because of wealth associated with agricultural lands or other assets. While there are significant potential differences, each community should focus on the philanthropic potential it has and pursue their own strategies for growing community benefiting endowments.**

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***“The single largest undeveloped resource is community-based philanthropy, fueled by capturing some portion of the TOW opportunity.”***

## 2017 Transfer of Wealth Opportunity

<b>Table 1. 10-Year Transfer of Wealth Findings Summary</b>						
<b>Key:</b>	<b>2016 Net Worth</b>		<b>10-Year (2017-2026) TOW</b>			
<b>B</b> = Billions of dollars <b>M</b> = Millions of dollars	<b>Value (B)</b>	<b>PHH</b>	<b>Value (M)</b>	<b>PHH</b>	<b>5% Capture (M)</b>	<b>5% Payout (M)</b>
<b>U.S.</b>	\$69,927.78	\$574,193	\$7,677,136.05	\$63,039	\$383,856.80	\$19,192.84
<b>Kentucky</b>	\$727.85	\$409,779	\$80,403.65	\$45,267	\$4,020.18	\$201.01
01 - Barren River	\$40.24	\$341,341	\$4,272.45	\$36,242	\$213.62	\$106.81
02 - Big Sandy	\$14.93	\$231,875	\$1,498.14	\$23,274	\$74.91	\$37.45
03 - Blue Grass	\$137.83	\$429,478	\$14,615.89	\$45,544	\$730.79	\$365.40
04 - Buffalo Trace	\$6.62	\$288,389	\$722.77	\$31,469	\$36.14	\$18.07
05 - Cumberland Valley	\$20.32	\$212,458	\$1,820.70	\$19,040	\$91.03	\$45.52
06 - FIVCO	\$20.36	\$371,774	\$2,300.04	\$42,008	\$115.00	\$57.50
07 - Gateway	\$8.21	\$255,018	\$734.61	\$22,810	\$36.73	\$18.37
08 - Green River	\$33.50	\$386,098	\$3,628.17	\$41,815	\$181.41	\$90.70
09 - Kentuckiana	\$224.24	\$562,440	\$26,649.31	\$66,843	\$1,332.47	\$666.23
10 - Kentucky River	\$10.93	\$234,501	\$1,141.87	\$24,488	\$57.09	\$28.55
11 - Lake Cumberland	\$22.08	\$259,601	\$2,292.00	\$26,942	\$114.60	\$57.30
12 - Lincoln Trail	\$38.31	\$358,705	\$4,006.99	\$37,521	\$200.35	\$100.17
13 - Northern Kentucky	\$86.12	\$496,411	\$9,085.87	\$52,373	\$454.29	\$227.15
14 - Pennyrile	\$29.77	\$344,990	\$3,283.02	\$38,045	\$164.15	\$82.08
15 - Purchase	\$34.40	\$410,683	\$4,351.82	\$51,961	\$217.59	\$108.80

*"Imagine this: At the end of it all, if we were to capture just 5% into endowed funds in Kentucky, we would be creating the equivalent of a Gates Foundation focused solely on our state. These are not wild imaginings. These are real possibilities. We are ready for the challenge." - Joseph Clabes, Kentucky Philanthropy Initiative*

*This TOW information is an adaptation of information gathered from The Center for Rural Development and The Kentucky Philanthropy Initiative, Inc. (KPI) 2017 Transfer of Wealth Opportunity Report.*



# Affiliate Board Member Commitment Form

Name: \_\_\_\_\_

As a board member, I share accountability for fundraising results and pledge to commit my time, talent and resources in the following ways: *(\*Please check all that apply.)*

## Leading by Example

- \_\_\_ Know the Foundation's fundraising goals and follow its progress
- \_\_\_ Make a personal gift of \$\_\_\_\_\_ during the current year
- \_\_\_ Set a "stretch" gift goal for my board term
- \_\_\_ Pledge a matching gift
- \_\_\_ Include the Foundation for Appalachian Kentucky in my estate plan
- \_\_\_ Encourage my fellow board members to meet their commitments
- \_\_\_ Write a testimonial on why the Foundation is important to me and why I give

## Serving as an Ambassador

- \_\_\_ Attend one or more fundraising trainings
- \_\_\_ Attend at least one annual fundraising event
- \_\_\_ Help the Foundation connect with potential agency fund partners (nonprofits)
- \_\_\_ Introduce at least three friends or colleagues to the Foundation
- \_\_\_ Host a cultivation event for my friends/network
- \_\_\_ Write stories of how the Foundation's work makes an impact
- \_\_\_ Interview grantees about their work
- \_\_\_ Share Foundation stories and messages via social media

## Assisting with Fundraising

- \_\_\_ Send a letter soliciting my network for a gift
- \_\_\_ Send an email soliciting my network for a gift
- \_\_\_ Secure in-kind support for a budgeted need
- \_\_\_ Secure a gift from my business or employer
- \_\_\_ Create a peer-to-peer fundraising page (with staff assistance)
- \_\_\_ Join a staff member in meeting with a donor I know personally
- \_\_\_ Provide the Foundation with a list of prospective donors

## Showing Appreciation

- \_\_\_ Thank new donors via a personal phone call
- \_\_\_ Write a personal thank-you to select donors
- \_\_\_ Send an email thank-you to select donors

## Providing Expertise & Feedback

- \_\_\_ Provide feedback to staff on fundraising materials
- \_\_\_ Other (Describe \_\_\_\_\_)

*\* Staff are available to assist you with meeting your commitments.*

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



## Statement of Philanthropic Values

1. We believe a successful fundraising program is built upon developing genuine, long-term relationships with our donors.
2. We share accountability for fundraising results among our staff, board and volunteers, and provide meaningful ways for all to be involved.
3. We believe in leading by example and will individually commit to making a gift before asking others to do so.
4. We strive to understand prospective donor interests before seeking their support to ensure their interests are aligned with the interests of those we serve.
5. We are unapologetic about asking others who share our mission to support it.
6. We are committed to ethical fundraising practices, as described in the Association of Fundraising Professionals' "Code of Ethical Standards" and "A Donor Bill of Rights."
7. We believe in transparency and donor privacy. We will share appropriate information with donors and the public, protect donor privacy and welcome feedback.
8. We gratefully acknowledge every gift and, through thoughtful stewardship, demonstrate that we do not take any gift for granted.

*Adopted March 2017*



03

FINANCE

FUND TYPES	
<b>Named Fund</b>	For the purpose of making grants based on changing community needs and priorities. Possible purposes could focus on a field of interest, such as arts, education, health, etc. Annual grantmaking is 4-6% of the endowed fund balance each year
<b>Donor Advised Fund</b>	A fund that allows the donor or his/her successors to make grant recommendations. Annual grantmaking is 4-6% of the endowed fund balance each year
<b>Agency Fund</b>	A fund that is designated to support a specific nonprofit organization or other charitable institution. Annual grantmaking is 4-6% of the endowed fund balance each year
<b>Community Fund</b>	An endowed fund advised by a Board of Advisors used for the purpose of continued grantmaking within a specific geographic community. Annual grantmaking is 4-6% of the endowed fund balance each year

TYPES OF GIFTS	PLANNED GIVING TOOLS
<ul style="list-style-type: none"> <li>• Cash</li> <li>• Stocks and Securities</li> <li>• Real Estate</li> <li>• Retirement Assets</li> <li>• Life Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Bequest</li> <li>• Gift Annuities</li> <li>• Charitable Remainder Trusts</li> <li>• Pooled Income Funds</li> <li>• Charitable Lead Trusts</li> </ul>

## Contribution Submission Guidelines

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All affiliates are required to adhere to the Foundation for Appalachian Kentucky's Gift Acceptance Policy (see section 6). The following guidelines describes the process by which an affiliate should record and submit cash and check contributions.

### **Cash**

1. *Receipting* - Upon receiving a gift of monetary cash, the Affiliate should provide the donor\* with a receipt. Please indicate the donor's contact information on that receipt so the Foundation can submit an official acknowledgment for their gift.
2. *Submission* – All cash that is received by the Affiliate should be submitted to the Foundation as a lump contribution as a cashier's check. Submissions should include:
  - a. Contribution Submission Form, including Exhibit A
  - b. Cashier Check

\*If the cash contribution is given without the request of a receipt, then the donation should be listed as “*Anonymous*”.

### **Check**

1. Receipting – The Affiliate will not need to provide the donor with a receipt when a gift is given via check.
2. Submission – All checks should be submitted to the Foundation and should include:
  - a. Contribution Submission Form

### **Credit Card**

1. Credit Card donations can be accepted on the Foundation's website at [www.appalachianky.org](http://www.appalachianky.org), or via telephone to Foundation Staff.
2. Affiliates have access to the Foundation's Square for special events. Foundation Staff must be present during the event while the Square is in use. Additionally, special events requiring Foundation staff attendance must be pre-authorized and staff attendance must be arranged prior to the event.

**All contributions should be submitted via mail or hand delivery to the Foundation for Appalachian Kentucky office.**

## **Gift Receipting Procedures**

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The Foundation for Appalachian Kentucky, Inc. issues charitable gift receipts to donors of the affiliate fund. The receipts note the amount and type of gift and the name of the affiliate and account within the fund to which the gift was directed, and comply with IRS rules for charitable gift receipts.

Additional information about the gift receipting process used by the Foundation is as follows:

- Donors are required to have written confirmation from the recipient public charity for any single gift of \$250 or more in order to claim a tax deduction.
- Receipts are sent to donors approximately two weeks following the date in which the Foundation received the contribution

The receipt issued by the Foundation is for tax purposes and does not take the place of a thank-you. We strongly encourage that affiliate board of advisors send thank-you notes for all contributions received by your affiliated fund. The Foundation will provide each affiliate with a list of received contributions quarterly.

## **DONOR INITIATED FUNDRAISING**

Thank you for expressing your confidence in the Foundation for Appalachian Kentucky by establishing a fund with us. The Foundation is pleased to work with you in helping to develop your fund. The chief responsibility of the Foundation's development office is to raise permanent endowment through acquisition of major and planned gifts, as well as building community capacity. Unfortunately, the Foundation does not have the staff to operate public fundraising events for its component funds.

In establishing a fund at the Foundation, there may be times when you would like to organize a fundraiser to raise dollars for the fund. Most often the Foundation receives the net income from a fundraiser and does not acknowledge the individual contributors. However, there may be times when individual contributors to a fundraiser would want to receive a charitable deduction. The Foundation has developed this policy statement to help guide those of you planning fundraising events and solicitations (fundraising groups).

When fundraising groups conduct fundraising activities and solicitations on behalf of the Foundation's component funds, you must keep in mind that for tax purposes such fundraising is being done on the Foundation's behalf. This raises a number of significant tax and accounting issues. For example, activities must be conducted under the Foundation's observation and fiscal guidance to ensure that donors to the fund are entitled to the appropriate tax deductions, to protect the fundraising groups from unintended tax consequences to themselves, and to determine that the Foundation is not exposed to penalties for failing to make required solicitation disclosures.

The requirements that follow are designed to protect donors and groups raising funds for a component fund at the Foundation. We appreciate your cooperation in fulfilling these requirements.

### **Foundation Approval of Events**

All public fundraising events require advance written approval from the Foundation. Before undertaking any such event, the fundraising group must submit a written proposal that includes the following information:

- **Description:** Describe the event or other effort to raise money for the fund. Briefly outline the fundraising goal and the activities of the event.
- **Contact person:** This person will serve as the main source of communication between the Foundation and the fundraising group. Please supply the contact person's name, address, phone number, and e-mail address. This will help facilitate the approval and acknowledgement processes.
- **Budget:** Attach an estimated budget for the fundraiser that includes projected revenue and a detailed list of projected expenses.

Please allow at least 10 days for Foundation review. If the event is approved, the fundraising group will proceed in accordance with the Foundation's guidelines. All uses of the Foundation's name in advertising and promotion must be approved in advance by the Foundation. All fundraising materials should make clear, where applicable, that funds are being raised on *behalf of* rather than *by* the Foundation. The Foundation may assess an administrative fee against the fund to defray the cost of additional services required by the fundraising event or solicitation.

You are not authorized to bind the Foundation to any contract or agreement unless specifically authorized in writing.

### **The Foundation's Responsibilities**

The Foundation will be responsible for:

- The management of such money and property as it may accept into the component fund from donors, other contributors and sources.
- The application of principal and income to charitable uses, all in accord with the Foundation's governing documents.
- Providing appropriate acknowledgements to donors.

### **The Fundraising Group's Responsibilities**

The fundraising group will retain responsibility for all public fundraising events and matters related to them, including:

- Payment of all costs and expenses
- Compliance with laws
- Reporting and other requirements of every kind such as licensing, tax payment, and liability insurance covering the foundation

### **Payment of Expenses**

The fundraising group will be responsible for all expenses and will maintain appropriate financial controls and records related to fundraising events. Expenses may be incurred only in accordance with the event budget that the Foundation has approved. Prior to the event we will discuss with you whether the expenses will be paid by the Foundation or by the group. Regardless of who pays the expenses, you must provide copies of invoices and receipts to the Foundation so that we may fulfill our record keeping and reporting responsibilities. Keep in mind that if the fund in question is a donor advised fund, the Foundation cannot provide reimbursement of expenses to the Fund's donors, advisors, and related persons. Where appropriate, the Foundation can provide tax acknowledgements allowing donors to deduct reasonable expenses incurred in connection with the fundraiser.

## Designation of Checks and Receipt of Cash

Checks related to the event must be made payable to the component fund of the Foundation. Cash receipts are to be deposited intact. That is, cash receipts may not be used to pay expenses, and then the net cash amount deposited. Within one week after the event, all proceeds, checks and cash, must be delivered to the Foundation along with an accounting of all monies received.

## Tax Requirements and Acknowledgements

Strict IRS requirements and state charitable solicitation laws impact any fundraising. If the steps outlined below are not taken, donors will be denied a tax deduction, members of the fundraising group might unexpectedly find themselves subject to tax on the funds they raise, and either the Foundation or the fundraising group might be subjected to penalties.

Donors who contribute \$250 or more will need a written acknowledgement from the Foundation in order to claim a charitable deduction for the gift. The Foundation will provide the appropriate acknowledgement to donors only if it receives certain detailed information. Specifically, the fundraising group must provide the Foundation with:

1. The donor's complete name and address.
2. The date and amount of the contribution.
3. Whether the contribution was in cash or property.
4. If property, a description of the type of property and a good faith estimate of its fair market value.
5. A detailed description of any goods and services provided in exchange for the contribution.

Contributions of services, while appreciated, generally are not deductible.

If the fundraising group provides goods or services in exchange for a donation, certain disclosures are required. For example, if the group is sponsoring a dinner, the donor can only deduct the excess of the ticket price above the fair market value of the dinner. This limitation on the deduction, known as a "quid pro quo disclosure" must be disclosed at the time of solicitation. Disclosure on the event ticket is a typical method for making this disclosure.

The Foundation will work with the fundraising group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the Foundation will have to work with the group prior to the solicitation activity and will need information pertaining to the event such as ticket prices and the value of the goods or services the donors will receive. *The fundraising group needs to see that the required quid pro quo disclosures are made.*

- **Raffle tickets** are not deductible. This must be stated clearly on the face of distributed tickets.
- **Rummage sale purchases** are not deductible.

- **Auctions**—Foundation staff will review proposed ideas for auctions on a case-by-case basis and may seek the assistance of its legal counsel in doing so.

### **Liability Insurance and Liability for Losses**

The fundraising group will contact the Foundation prior to the event to assess the need to secure liability insurance covering members of the group and covering the Foundation. Insurance coverage must be reviewed and approved by the Foundation.

The fundraising group will be responsible for all losses incurred by the event. The Foundation will not be held responsible for such losses. The Foundation may require the fundraising group to purchase a letter of credit or provide a written personal guarantee.

### **State Charitable Solicitation Laws**

Information related to charitable giving in the State of Kentucky can be found by visiting:  
<http://ag.ky.gov/family/consumerprotection/charity/Pages/default.aspx>



**Attachment 1**

**Foundation for Appalachian Kentucky Fundraising Application**

Fund Name \_\_\_\_\_

Name of Fundraising Event \_\_\_\_\_ Date of Event \_\_\_\_\_

Describe the fundraising event (include a detailed description of activities that will happen at the event, number of participants expected, the groups experience in this type of fundraising and any other information that will help us support your effort.)

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Fundraising Goal \$ \_\_\_\_\_ (This is the *net* amount of money that you hope to raise.)

Contact person: \_\_\_\_\_ E-mail \_\_\_\_\_

Address \_\_\_\_\_ Phone (home) \_\_\_\_\_

\_\_\_\_\_ (work) \_\_\_\_\_

Best place and time to be contacted:

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Attach an estimated budget including projected gross revenue from identified sources and projected expenses with name of vendor.

I (We) agree to use all disclosures as instructed by the Foundation, to review all printed and promotional material with the Foundation staff before distribution and to submit detailed donor records along with all fundraiser proceeds and invoices.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name (if different than contact person) \_\_\_\_\_

## Attachment 2

### Estimated Budget

Fund Name \_\_\_\_\_

Name of Fundraising Event \_\_\_\_\_

Submitted by \_\_\_\_\_ Date of Event \_\_\_\_\_

**Total Estimated Gross Revenue** \$ \_\_\_\_\_

Please show how you arrived at this number. For example:

100 golfers @	\$100	\$10,000
100 raffle tickets @	\$1	\$100
10 sponsors @	\$1,000	\$10,000
Miscellaneous donations		\$250
TOTAL		\$20,350.00

**Total Estimated Expenses** \$ \_\_\_\_\_

Please provide cost of item and vendor. Include donated items: For example:

Expense Item	Vendor	Cost
100 rounds of golf @ \$62.50	Community Golf Club	\$6,250
75 dinners @ \$50.00	Community Golf Club	\$3,750
Brochure Printing	Copy Center	\$500
Postage		\$35
Door Prizes	Donated	\$0
5 awards for top teams		\$500
Foundation administrative fee		\$500
TOTAL		\$11,535.00

**Fundraising Goal** (Gross Revenue minus Expenses) \$ \_\_\_\_\_

# 04

## GRANTMAKING

## Frequently-Asked Questions of Grantmaking

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In general, “**grants**” are amounts awarded by your affiliate to another organization for that organization’s charitable activities. Grants are typically made through a grant application process.

This document provides some information regarding the allowable uses of fund assets in accordance with Internal Revenue Service rules and other legal requirements applicable to charitable organizations. Because the tax laws are complex, this document cannot address all possible situations. Please call the Foundation for Appalachian Kentucky for further guidance when you have questions on grantmaking and disbursements.

**\*\*Once the affiliate has approved a grant application to submit for final approval by the Foundation for Appalachian Kentucky Board of Directors, the affiliate chair should complete and submit the *Affiliate Grant Recommendation* form along with meeting minutes approving the grant to Foundation staff.**

### **For what purposes can an affiliate make a grant?**

IRS rules prescribe that the assets of a 501(c) (3) organization such as the Foundation for Appalachian Kentucky (and its affiliates) be used solely for charitable purposes. In addition, grants and disbursements must be made to support activities specified by the donor, to the extent that there is a donor designation for a specific purpose.

Charitable purposes do not include expenditures that provide more than minor personal benefit to one or more individuals (versus benefit to the public). Charitable purposes also do not include political activities.

### **To whom can our affiliate make grants?**

Grants from your affiliate for charitable purposes may be made to:

1. 501(c)(3) public charities (i.e., not private foundations)
2. Governmental entities
3. Charitable causes (i.e. social enterprises, sponsorships, etc.)

### **Can we grant to an organization that is tax-exempt under a different section of the Internal Revenue Code, such as 501(c)(6) or 501(c)(7)?**

Only organizations granted tax-exempt status pursuant to Sec. 501(c)(3) are “charitable.” There are many types of organizations that are tax-exempt but that are not charitable. See the table below for examples. Grants to these organizations may only be made for specific charitable activities of that organization. Please contact the Foundation for Appalachian Kentucky if this were to arise.

### **What are the grantmaking rules for donor-advised funds?**

Additional requirements must be followed for grants from donor-advised funds. Please contact the Foundation for Appalachian Kentucky for more details if you have a donor-advised fund.

## CHECKLIST

The grant application consists of the following components, which should be submitted in the order listed below. This checklist is provided to help ensure a complete proposal. It does not need to be submitted with the proposal.

- ☐ **Section I: Grant Application**  
Use the 2-page template provided.
- ☐ **Section II: Narrative**  
*Formatting:* Use 12-point font with 1-inch margins and include the **HEADING** provided for each question. It is not necessary to repeat the text of the questions.

### **Please Note:**

The following items may be requested by the the staff of the Foundation for Appalachian Kentucky.

- Audit
- Balance Sheet
- Profit/ Loss Sheet
- Income/ Expense Sheet

**Thank you for your time and effort in completing this application.**

## GRANT APPLICATION

**Legal Name of Organization:**

**DBA (if applicable):**

**Mailing Address** (and physical address if it is different):

**Phone:**

**Fax:**

**EIN:**

**Website:**

**Organization Email Address:**

**Name of CEO or Executive Director:**

**Phone:**

**Email:**

**Application Contact & Title** (if *not* the CEO or Executive Director):

**Phone:**

**Email:**

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### Organization Information

**Year Founded:**

**Mission Statement:**

**Geographic Area Served** (specific to this proposal):

**Tax Exemption Status:**

- ☐ 501(c) (3)  
☐ Using a fiscal agent/fiscal sponsor

Name of fiscal agent/sponsor:

- ☐ Other than 501(c) (3), describe:

Number of Employees: Full-time:

Part-time:

Number of Volunteers:

---

**Grant Request Information**

Which Fund/Community Foundation are you requesting a grant from:

Type of Grant Requested (select one):

Amount of Request:

- ☐ General Operating Support  
☐ Program or Project Support

Name of Program or Project:

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**Financial Information**

Organization's Current Budget for Fiscal Year Ending:

Income:

Expenses:

AND, if other than a general operating request,

Program or Project Budget:

Dates: from:

to:

Income:

Expenses:

By signing below, I certify that the information contained in this application is true and correct to the best of my knowledge.

---

CEO/Executive Director

Date



## **NARRATIVE**

- 1. PROGRAM/ PROJECT TITLE (or “General Operating Support”)**
- 2. SUMMARY OF THE PROGRAM/ PROJECT (2-3 sentences).**
- 3. DESCRIBE THE NEED FOR THE PROGRAM/ PROJECT (2-3 sentences).**
- 4. DESCRIBE IN DETAIL THE PROGRAM/ PROJECT.**
  - a) Provide a summary of the plan for the program or project request. Include the planned activities and timeline.
  - b) Explain why the organization is approaching the issue and/or opportunity in this way.
- 5. IMPACT ON EASTERN KENTUCKY.** Describe the intended impact on Eastern Kentucky. (For example “Who is affected, why, and who benefits?”)
- 6. BOARD OF DIRECTORS.** Please include names and affiliation.
- 7. PARTNERSHIPS.** Describe the organization’s most significant interactions with other organizations and efforts. For program and project requests, address this question with respect to that program or project only.
- 8. PROGRAM/PROJECT BUDGET.**



**Foundation for Appalachian Kentucky Community Foundation Fund Grant Evaluation Rubric**  
**Community Foundation Affiliate**



**Applicant:** \_\_\_\_\_

**Project Name:** \_\_\_\_\_

**Amount Requested:** \_\_\_\_\_

	Excellent = 3 points	Good = 2 points	Fair = 1 point	Poor = 0 points
<b>Goals</b>	Grant matches the vision, mission and values of our community foundation. The grant addresses a tough or critical issue or answers a new opportunity.	Grant is compatible with our community foundation and has well-defined goals.	The goals of the grant are not well defined and only vaguely compatible with our community foundation.	The application goals are not compatible with the goals, vision, mission and values of our community foundation.
<b>Impact</b>	Grant will make a long-term difference in the quality of life in the community and many community members.	Grant has ability to make a measurable short-term difference.	Grant impacts a limited number of individuals once or twice.	Impact is limited or may not be perceived as positive by some.
<b>Outcomes- People</b>	Will empower community residents especially those within marginalized groups.	The benefits will be only for some or for certain segments.	The benefit to individuals is vague and random.	Grant application does not address any benefits to people.
<b>Outcomes- Culture</b>	Will enhance sense of belonging, inclusive-ness, or inspires others to give their time, talent, and treasure.	Grant may create a stronger belief in the community.	The grant does not change the culture in the community but only in one entity or segment.	The current culture of the community will not be improved.
<b>Outcomes- Place</b>	Will strengthen natural resources, facilities, amenities, and uniqueness. Is innovative in its approach.	Builds on past successes or current strengths.	Relies on the resources and efforts of outsiders.	Grant may harm the nature of our hometown.
<b>Outcomes- Economy</b>	Increases economic diversity, sustained prosperity, local ownership.	Capitalizes on a onetime windfall or opportunity for change.	Maintains the current status quo.	Increases the dependency on entities outside the community.
<b>Timeframe</b>	Grant funds will be utilized quickly and efficiently while making a long-lasting impact.	Project will be completed within the timeframe proposed.	Grant sets an unrealistic timeframe or has the potential to drag-on.	Completion of project is doubtful.
<b>Sustainability</b>	The grant will build capacity enabling the project to become self-sustaining.	The project leverages other sources of funding and revenues to ensure sustainability.	The project will require continual sources of outside funding to succeed.	The project is not sustainable.
<b>Sub-total points</b>				

**Total score:** \_\_\_\_\_ **Notes:** \_\_\_\_\_

Foundation for Appalachian Kentucky  
\_\_\_\_\_  
**Affiliate**  
**GRANT FOLLOW-UP REPORT**

**Follow-up Due Date**  
\_\_\_\_\_

**Send to:**

Kathy King Allen  
Foundation for Appalachian Kentucky  
420 Main Street | Hazard KY 41701  
**Phone** (606) 439-1357  
**E-mail** kathy@appalachiabky.org

Please complete this form when your project is completed, or not more than one (1) year from the date you received the grant.

Grantee \_\_\_\_\_

Contact Information \_\_\_\_\_

Program/Project Title \_\_\_\_\_

Purpose \_\_\_\_\_

Approved Amount \_\_\_\_\_ Grant Date \_\_\_\_\_

1. Describe how grant funds received have been used in accordance with purpose stated above and its community impact. If the funds were awarded for general operating support, please estimate how they impacted your organization (clients it enabled you to serve, employee salaries, equipment, etc.).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Please provide us with any marketing material, social media posts, PSAs or press releases used to promote this grant and the project.

\_\_\_\_\_  
\_\_\_\_\_

3. Provide us a financial reporting of grant expenditures and any variances. Are any grant funds unspent? If yes, please inform us of the amount and how and when the funds will be expended, if not returned to the Foundation for Appalachian Kentucky.

\_\_\_\_\_  
\_\_\_\_\_

4. Did this grant help attract new funding or increased volunteer involvement? If so, how?

\_\_\_\_\_  
\_\_\_\_\_

5. List any changes in your organization that have occurred since you received the grant (leadership, mission, funding, new program directions, etc.).

\_\_\_\_\_  
\_\_\_\_\_

Submitted by \_\_\_\_\_ Date \_\_\_\_\_

*This report must be received by Foundation for Appalachian Kentucky before further grants are considered.*

05

## REPORTING

## Annual Reporting Schedule

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Quarter I (January-March)		Quarter II (April-June)	
Reports from the Foundation	Affiliate Submissions	Reports from the Foundation	Affiliate Submissions
Fund Statement Gift/Donor Report Spendable Balance Allocation Affiliate Manual Revisions	Meeting Minutes Annual Survey	Fund Statement Gift/Donor Report	Meeting Minutes
Quarter III (July-September)		Quarter IV (October-December)	
Reports from the Foundation	Affiliate Submissions	Reports from the Foundation	Affiliate Submissions
Fund Statement Gift/Donor Report	Meeting Minutes	Fund Statement Gift/Donor Report	Meeting Minutes

# Annual Survey

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Each year the Foundation for Appalachian Kentucky would like to hear from each affiliate. Please share your thoughts and complete the survey by March 1.

Over the past year-

1. What methods were used by the affiliate board of advisors to engage donors? Which one(s) were most successful?
2. What was your most successful grant?
3. What was your most successful event or campaign?
4. How has your community affiliate foundation changed over the last year?
5. Are there emerging needs of the organization that need to be addressed?
6. How can the Foundation for Appalachian Kentucky be more impactful in its support of your affiliate community foundation?
7. Is there an organization, person, or story your community affiliate would like to see highlighted in a future Foundation for Appalachian Kentucky publication?

In addition to the survey, the following documents should be submitted to the Foundation annually:

- ☐ Conflict of Interest Disclosure and Confidentiality Statement from each Advisor
- ☐ Contact Information sheet for each Advisor
- ☐ Spendable Balance Allocation
- ☐ Donor Confidentiality and Privacy Policy
- ☐ Affiliate Board Engagement Commitments from each Advisor

The Foundation for Appalachian Kentucky maintains transparency between its affiliates and Board of Directors. Any questions, comments, or concerns that arise from an affiliate meeting are welcomed by Foundation staff.

06

POLICIES



## ADMINISTRATIVE FEE SCHEDULE

In applying prudent fiscal policies, the Foundation's Board of Directors has established fees to provide for the ongoing management and administration of our funds. Fees are structured with the objective that each fund supports the financial and administrative services provided to it.

### What do fund administration fees support?

- ❖ Standard management and administration services required by each fund, such as financial statement preparation, investment oversight, preparation of annual audit, required overhead, and impactful grant-making and evaluation processes.
- ❖ A permanent community resource that benefits our community forever.
- ❖ A knowledgeable and passionate staff that offers personalized service, education, and connections to strategic funding opportunities.
- ❖ Technical assistance to local nonprofit organizations.
- ❖ A center of expertise about community opportunities, effective charitable organizations, and community leadership.

### Fee Schedule

	Endowed	Non-endowed
<b>Named Funds</b>	1%	1%
<b>Agency Funds</b>	1%	1%
<b>Donor-Advised Funds</b>	1%	1%
<b>Community Fund</b>	1%	1%

*\*Minimum Annual Fee is \$200*





## **Gift Acceptance Policy**

These guidelines, approved and adopted by the Board of Directors, are designed to outline gift and fund policies which support our mission, assure accountability to our donors, promote our development efforts, and protect the integrity of the Foundation for Appalachian Kentucky. In view of the growing complexity of IRS regulations and the wide range of gift types, consistent policies allow us to work effectively with donors to ensure their charitable donations result in the greatest value to the community.

All gifts are officially received by the Executive Director on behalf of the Board of Directors. The Executive Director has the authority to accept or refuse gifts to the Foundation, with the exception of Gift Type B as noted below, and reserves the right to request review by the Executive Committee if further review is necessary or desirable. The Executive Committee has the authority to approve and accept the gift. If the Committee cannot reach consensus, it may refer the gift directly to the Board of Directors. Any potential gift that is either not covered by this policy, or includes non-standard terms or restrictions, will be reviewed by the Executive Committee. Final ratification of all gifts rests with the Board of Directors which has full legal and fiduciary responsibility for them.

In conformance with the Treasury Department regulations governing community foundations, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred asset or the income derived there from, in furtherance of its exempt purposes. If a gift must be refused, the Foundation will communicate the reason in writing to the donor or fiduciary.

### **Fundamental Considerations for Gift Acceptance**

- Does the purpose of the gift fall within the broad charitable mission of the Foundation?
- Does the gift place other assets of the Foundation at risk?
- Can the donation be utilized or easily converted into assets that support our investment strategy?
- Can the Foundation assure adherence to the terms of the gift in accordance with the donor's wishes?

## Foundation Responsibilities

The role of the staff shall be to inform, guide and assist donors in fulfilling their philanthropic wishes, but not unduly influence their decisions. Written records of donor discussions shall be maintained. Foundation staff shall not provide legal or tax advice and will encourage donors to consult with professional advisors in making these decisions, especially in regard to planned gifts. In creating a new fund, Foundation staff shall review with the donor the Foundation's responsibilities and basic tenets, including but not limited to:

- irrevocability and confidentiality of the gift;
- prohibition of donor control, benefit or material restriction;
- variance power;
- gift processing and acknowledgements;
- grantmaking procedures;
- accounting and fund statements; and
- investment strategy and spending policy.

## Right of Refusal

The Foundation reserves the right to refuse any gift for reasons including, but not limited to:

- the cost to manage the asset is excessive;
- the gift purpose jeopardizes the Foundation's tax exempt status; and/or
- the gift is discriminatory in nature.

## Confidentiality

All fund agreements, gift values, and personal information about donors and prospects shall be held in strict confidence by the Foundation, subject to legally binding requests from governing agencies or courts. All other requests for the release of information will be honored only if permission is obtained from the donor prior to release. Gift amounts shall be revealed only to Staff involved in gift processing and the Board of Trustees as appropriate for governance, finance and development in conjunction with their fiduciary responsibilities.

## Promotion & Marketing

The Foundation's mission and activities shall be promoted through an active marketing and development plan to attract donors and educate the community. Publications shall contain a listing of component funds and current donors, unless the donor requests anonymity.

This Gift Acceptance Policy will be reviewed annually to ensure compliance with state and federal law, IRS regulations and good business practices and is available to the community upon request.

## Gift Type A

The following gifts are generally acceptable upon receipt and are acknowledged in writing, in a timely fashion:

- (1) **Cash.** The Foundation accepts cash, checks, money orders and online (electronic transfer) credit card charges. Checks should be made payable to “Foundation for Appalachian Kentucky” with the fund designated in the memo or in a separate note. Checks are deposited within a week of receipt. For security reasons, credit card numbers are not stored in our computer database. The Foundation stamps all gift documents on the day of receipt which serves as the gift date. At the end of the year, checks should be postmarked by December 31st to be designated as a donation in that year. The Foundation may, however, accept the date of mailing, considered to be the date on the donor’s check, as long as it is received within 5-7 business days after the first of the year.
- (2) **Publicly Traded Securities.** Readily marketable securities, stocks and bonds, can be accepted by the Foundation and, if appreciated, offer attractive tax advantages to donors. Securities held in “street name” can be wired directly into a Foundation account, usually within 24 hours. Those held in certificate form must be transferred through a stock power with guaranteed signatures. The value of the security is the average of the high and low on the date of the gift which is the date of the transfer into the Foundation’s account. Generally, donated securities are sold by the Foundation.

## Gift Type B

The gifts listed below require review and approval by the Executive Committee. For non-cash charitable gifts, IRS Form 8283 may be required and compliance with all IRS regulations shall be followed as applicable. The Foundation is required to file Form 8282 if it sells or disposes of an asset for which it signed Form 8283 within 2 years of receipt.

- (1) **Interests in Business Entities (i.e. closely-held companies or partnerships).** Gifts of this nature are considered on a case-by-case basis and will be reviewed by the Executive Committee due to their complexity. These gifts require a qualified appraisal by an independent professional to determine marketability.

Further, gifts of business interests to donor advised funds carry the additional requirement of meeting Internal Revenue Code (IRC) section 4943, regarding Excess Business Holdings and Disqualified Persons. A “disqualified person” is a donor, donor advisor, a member of the family of a donor or donor advisor, or a 35% controlled entity of any such person. For each gift offered, the Committee will seek guidance from legal counsel to assure compliance.

- (2) **Real Property.** The Foundation may accept most unencumbered real property. The Foundation will inspect all proposed gifts of all residential and non-residential real property in order to avoid potential liability for environmental cleanup and toxic and hazardous waste issues relating to the real estate. Primary concerns are marketability, utility, mortgages, easements, environmental issues, title, and costs for conveyance, appraisals, inspections, taxes, insurance, services, etc. In most cases, a Phase One Inquiry will be required prior to acceptance of proposed real estate gifts. If questions are raised by the Phase One Inquiry, additional assessment may be required. Generally, the Foundation will sell the property as quickly as possible after the gift is completed, keeping in mind its investment objectives and the impact of the sale on the donor's charitable contribution and the surrounding area. Gifts of real estate with retained life tenancy will be considered on a case-by-case basis and must meet certain age, value, and remainder minimums to be considered. The Board of Directors must formally accept any gift of real estate prior to its transfer.
- (3) **Tangible Personal Property.** Non-cash gifts such as furniture, jewelry, artwork, equipment, collections, etc. shall, in most cases, require the approval of the Executive Committee. Property that requires special security or unusual maintenance may not be accepted. Property must be saleable and the donor must agree that, once donated, the property may be sold at the sole discretion of the Foundation, unless the Foundation finds a use for it related to its exempt purpose. The donor shall provide at least one qualified appraisal by an independent professional to determine the gift's value.

## Deferred Gifts & Planned Giving

These are gifts whose benefit does not fully accrue to the Foundation until some future time, or whose benefits are split with non-charitable beneficiaries. Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift annuities or charitable trusts. The Foundation will work closely with donors and confer with financial advisors, at the request of the donors, to realize these gifts. In cases where the gifts are complex, review by the Executive Committee may be requested by the Executive Director.

**BEQUESTS** – The Foundation accepts bequests from donors who have directed in their wills that certain assets be transferred to the Foundation and honors the wishes of the donor as expressed, but reserves the right of refusal as necessary and appropriate. Sample bequest language for restricted and unrestricted gifts is available from the Foundation, to donors and/or advisors, upon request. The Foundation does not serve as Executor for a donor in his/her will. The Foundation may create a named fund in memory of the donor, if there is no stipulation for anonymity.

**LIFE INSURANCE** – The Foundation will accept life insurance policies as gifts when the Foundation is named as the owner and beneficiary of 100% of the policy. If the insurance policy lists multiple beneficiaries or if the policy is not fully paid, the usefulness of the gift shall be judged on a case-by-case basis by the Executive Committee. If the policy is not fully paid, the Foundation may accept it and cash it in for its current surrender value or allow the donor to make an annual contribution to continue to pay the premium.

**RETIREMENT PLANS OR IRA ACCOUNTS** – Donors may make lifetime gifts of retirement assets or name the Foundation as the beneficiary of their plan. Retirement plans include, but are not limited to, Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans.

**LIFE INCOME GIFTS** – The Foundation will work closely with donors to implement planned giving options which provide income to a donor or his/her designees, as well as financial benefit to the Foundation (split-interest gifts).

- A. CHARITABLE REMAINDER TRUSTS (CRT) This type of trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term or a combination of both. Assets are put into a trust, beneficiaries are paid, and when the trust term ends, the remainder in the trust passes to the Foundation for its charitable purposes. The donor names a Trustee to manage the trust and determines whether the payout will be fixed (CRAT) or variable (CRUT). Trusts can be set up during the donor's lifetime or by will (TCRT). The Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. At the donor's request, the Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit. The Foundation will not serve as Trustee of the trust.
- B. CHARITABLE LEAD TRUST (CLT) This trust makes payouts to a charity first for a specified period, with the remainder reverting to the donor or another beneficiary at the end of the period. It also may be set up during one's lifetime or in a will (TCLT). Again, the Foundation will work closely with the donor and/or his advisor to create the trust, but will not serve as Trustee.
- C. CHARITABLE GIFT ANNUITY (CGA) This planned gift is based on a gift of cash or securities in exchange for lifetime income, either immediate or deferred, to the donor. It requires a contract between the donor and the Foundation and is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity. The Foundation is currently developing a charitable gift annuity program which will include a separate policy and procedure for its administration.
- D. LIFE ESTATE A donor may wish to contribute a personal residence or other property to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire interest in the property. This type of planned gift must be evaluated by the Executive Committee.

## Funds

The Foundation offers a variety of fund types designed to respond to donors who wish to make a gift, create a named fund and serve a charitable purpose. Component funds are tailored to meet the needs of the donor whenever possible and must be consistent with our mission. The Board of Directors of the Foundation has responsibility for acceptance, management and disposition of all funds. A fund agreement is required to establish a fund and a minimum required contribution has been established for each type. Basic fund types include:

- A. Named Fund. A named fund for the purpose of making grants based on changing community needs and priorities. Possible purposes could focus on a field of interest, such as arts, education, health, etc. The minimum required to establish a named fund is One Thousand and 00/100 (\$1,000.00) dollars. However, donors must commit to raising the endowed fund balance to Twenty-Five Thousand and 00/100 (\$25,000.00) dollars within 5 years of establishing the fund before grants can be recommended from the fund.
- B. Donor-Advised Fund. A fund in which an advisor (the donor or another designee) may recommend eligible charitable recipients for grants from the fund. The minimum required to establish a donor-advised fund is Twenty-Five Thousand and 00/100 (\$25,000.00) dollars. However, donors must commit to raising the endowed fund balance to Twenty-Five Thousand and 00/100 (\$25,000.00) dollars within 5 years of establishing the fund before grants can be recommended from the fund.
- C. Agency/Organizational Endowment Fund. A fund established by a nonprofit agency for its own benefit, so it may benefit from our investment, accounting and professional services. The Foundation regularly distributes the available grant dollars from the fund back to the agency for general purposes or special purposes per the fund agreement. The fund may be endowed or non-endowed based on the agency's needs. Additions may be added to the fund by the agency itself or by donors (third-parties). The minimum required to establish an agency/organization endowment fund is Five Thousand and 00/100 (\$5,000.00) dollars.
- D. Community Fund. An endowed fund advised by a Board of Advisors used for the purpose of continued grantmaking within a specific geographic community. A minimum required to establish a community fund is One Thousand and 00/100 (\$1,000.00) dollars. However, donors must commit to raising the endowed fund balance to Twenty-Five Thousand and 00/100 (\$25,000.00) dollars within 5 years of establishing the fund before grants can be recommended from the fund.

## **I. INTRODUCTION**

The Foundation for Appalachian Kentucky (Foundation) is a public charity established to serve a broad range of charitable purposes in the community. Because the Foundation will operate in perpetuity for benevolent purposes, wise stewardship of the permanent endowment funds entrusted to it is essential to the Foundation's mission. To assure its accountability to donors, beneficiaries and the community, the Board of Directors has adopted this Statement of Investment Policy for those types of funds.

## **II. PURPOSE**

The purpose of this Investment and Spending Policy for the endowment funds is to assist the Board of Directors of the Foundation for Appalachian Kentucky in effectively supervising and monitoring its investment activities and to provide guidance to investment managers employed to manage its assets on behalf of the Board. This document is set forth by the Board in order to advise all concerned of their legal and fiduciary responsibilities and to establish a clear understanding by all involved parties as to the investment goals and objectives of the Foundation. This Statement defines the powers delegated to the Investment Committee by the Foundation Board of Directors.

This Statement represents the current consensus of the Foundation's philosophy and shall be reviewed from time to time to ensure that it continues to reflect the appropriate expectations, goals and objectives for the Foundation.

## **III. AUTHORITY OF THE FINANCE COMMITTEE FOR INVESTMENTS**

The entire Board of Directors is charged with legal responsibility for the Foundation's funds. As a practical matter, the Board finds it appropriate to delegate considerable authority to the Finance Committee. The Board of Directors empowers the Finance Committee to invest funds for the benefit of the current and future generations who are the ultimate beneficiaries of the Foundation. The Finance Committee members have a fiduciary responsibility and must develop and adhere to this Investment Policy, which will carry out their obligation in a framework of statutory and regulatory provisions applicable to them.

- A. The Finance Committee shall invest and manage Foundation assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the Foundation. In satisfying this standard, the Committee shall exercise reasonable care, skill and caution. The Committee's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the Foundation portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation.
- B. The Committee shall make a reasonable effort to verify facts relevant to the investment and management of trust assets.

The Finance Committee is charged with the responsibility of monitoring the Foundation's investments and working closely with the staff to ensure that the investment objectives are being met. The Finance Committee will:

- A. Review the investment performance of individual managers and overall fund performance at least quarterly and make recommendations of changes when appropriate.
- B. Review asset allocation at least annually.
- C. Review investment manager asset allocation targets at least quarterly.
- D. Meet with individual investment managers periodically to review investments, ensure compliance with, and a clear understanding of investment policies, guidelines and objectives.
- E. Recommend to the Board of Directors changes of investment policies and guidelines as appropriate to ensure the preservation and enhancement of assets.
- F. Review possible new managers and advisors when appropriate and make recommendations to the Board of Directors.

All assets shall be managed consistent with sound and prudent fiduciary practices. In seeking to attain the investment objectives set forth in this policy, the Finance Committee shall manage and invest the assets in good faith and with prudence in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in the Commonwealth of Kentucky. All investment actions and decisions must be based solely in the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Committee of all material facts regarding and potential conflicts of interests.

The Investment Policy will be reviewed and/or updated, and approved by the Finance Committee and reported to the Board of Directors on an annual basis.

#### **IV. INVESTMENT OBJECTIVES**

The primary objective of the investments of the Foundation will be to provide for consistent long-term growth of principal and income without undue exposure to risk. The investment objective is to achieve a total return including appreciation which will satisfy the current financial needs of the various funds, protect and increase their long term inflation adjusted value, and minimize short run volatility.

#### **V. SPENDING POLICY ON ENDOWMENTS**

The Foundation's spending policy determines the amount of funds the Foundation will make available for distribution from the permanent endowments in a given year. The amount available for spending is determined by a total return system, with intent to minimize the likelihood of the original contribution(s) of a fund being invaded. The amount available to be spent in the coming fiscal year is calculated using a September 30 quarter end. The amount available may be removed from the invested funds in January of each year and placed into a liquid interest bearing account to be available for disbursements. The Foundation retains any income earned in this liquid account.



The Spending Policy will be reviewed and/or updated, and approved by the Finance Committee and reported to the Board of Directors on an annual basis. The calculation is as follows:

- A. A 12-quarter rolling average of the principal balance is determined on September 30. If the fund does not go back 12 quarters, it is averaged on the number of quarters it has been with the Foundation.
- B. The amount available to be spent will be 4% – 6% of the figure calculated in “A” above.

The objective of the spending policy is to provide for sufficient growth after spending requirements in order to preserve the inflation-adjusted value of the Portfolio. The investment manager should assume that withdrawals will be made from the Portfolio from time to time to meet these spending needs.

## **VI. INVESTMENT OF NEW GIFTS**

When new donations are added to the invested funds, they will be handled as follows:

The Finance Committee will have discretion in allocating the funds. The Committee will use the current asset allocation policy to assist them on allocation decisions. However, if there are no asset allocation concerns, the committee will select the investment manager who best enhances the overall funds performance.

## **VII. POLICY ASSET MIX AND REBALANCING**

The Foundation’s philosophy is that we are not market timers and will strive to maintain a diverse asset allocation with 60% equity / 40% fixed asset mix, allowing for a 10% range +/- in each category. The acceptable asset classes for investment are:

Large Cap Equities (Both Growth & Value)

Mid Cap Equities

Small Cap Equities

Real Estate Investment Trusts

International Equities

Emerging Market Equities

Core Fixed Income

Cash Equivalents

The Finance Committee may approve material changes in management of endowment funds such as a change of target asset allocation, the addition or deletion of asset classes, or the addition or removal of separate account managers or mutual funds.

## **VIII. INVESTMENT MANAGERS**

### **A. Establishment of Investment Managers**

Suitable investment managers will be employed based upon evaluation by and recommendation of the Finance Committee and approval of the Board. The term “investment manager” is any financial institution or firm which is properly licensed in accordance with all laws, rules, regulations with all state, federal, quasi-governmental and regulatory bodies governing Investment Managers including the Investment Advisers Act of 1940, unless specifically exempt by law. Investment managers will be retained in revocable agreements. They are to operate in accordance with policies established by the Investment Committee and approved by the Board.

In order to minimize risk, and maximize returns, the managers and the number of managers to be utilized, and the funds assigned to each, will be reviewed and determined by the Investment Committee.

### **B. Performance and Evaluation**

In general, with all managers, performance will be reviewed in detail on a regular basis. It is recognized that the investment performance objectives may not be attained in every period, but view the five-year period as most important (intended to capture a full market cycle). Among the items monitored will be consistency in implementation of the managers stated investment philosophy; return relative to investment objectives; and, investment risk as measured by asset concentration, exposure to extreme economic conditions and market volatility. Performance will be compared to major market averages: S&P 500, Russell 2000, Dow Jones Industrial, and NASDAQ 100 as appropriate.

The overall performance of the investments shall be evaluated on the basis of meeting or exceeding the stated Investment Objectives outlined in this Policy. Performance will be monitored quarterly, but evaluated over a three-to-five year time horizon. Changes in investment managers may occur at any time if sufficient progress is not being made towards long-term goals. The investment manager will be expected to maintain at least median performance versus their peer universe on the 3-year performance period net of the fee.

The Foundation may withdraw assets from a manager at any time with or without cause.

### C. Reporting

Monthly, the Investment Managers will be required to submit to the Foundation office an investment report, the results and summary of which will be reported to the Board quarterly. Semi-Annually, the Investment Managers will complete an Investment Manager Review. The Investment Managers will also make formal review presentations as requested by the Investment Committee.

## **X. INVESTMENT CONSULTANT**

Upon the recommendation of the Investment Committee or Board of Directors, an investment consultant or consultants may be hired upon approval of the Board of Directors, either for a specific project or on an annual basis.

Revised January 2014



## **CONFLICT OF INTEREST**

### **DISCLOSURE AND CONFIDENTIALITY STATEMENT**

It is important for the Foundation for Appalachian Kentucky to have systems in place that help safeguard the integrity and reputation, as well as the assets of the organization. However, it is also important to understand and realize that in a small communities, board members, employees, and volunteers participate in (and volunteer with) many community obligations. The duty of loyalty requires that board and committee members, employees, and volunteers act in the best interests of the organization and not in their own interest or the interest of another entity.

A conflict of interest is defined as an activity or interest that may cause, or appear to cause, a bias for or against a particular grantee, action, or policy being considered by the board of directors, a committee or advisory group member, or employee.

Duty of loyalty can best be exercised in the following ways:

- Disclosure of any conflicts of interest
- Adherence to the Foundation's conflict of interest policy
- Avoidance of the use of corporate opportunities for the individual's personal gain or benefit.
- Nondisclosure of confidential information about the organization.

### **POLICY**

Annually, all board members, committee or advisory group members, employees, and volunteers will sign the **Conflict of Interest Disclosure and Confidentiality Statement** affirming that they have received a copy of the current Conflict of Interest Policy; that they have read and understand the policy; that they agree to comply with the policy.

## **PROCEDURE**

### **Grant Making**

- 1) Prior to discussion and action on any proposed grant or sponsorship, board members or committee members, and employees connected with the grant applicant through employment, volunteer service, or in an advisory role will state the existence of a conflict, and allow a discussion of the board to determine if a true conflict of interest exists.
- 2) If a true conflict of interest is determined, the voting member will not vote on the request.

### **Business Relationships**

- 1) Prior to discussion and action of any financial transaction or arrangement, board members or committee member, and employees with a conflict of interest or potential conflict of interest will disclose the financial, business, or contractual relationship with the proposed business or individual under consideration to determine if a true conflict of interest exists.
- 2) If a true conflict of interest is determined, the voting member will not vote on the request.

## **REPORTING**

Every year in January, every board member, committee or advisory group member, and employee will submit a statement in writing affirming that they have received, read, and understand the Foundation's Conflict of Interest Policy, and agree to comply with the policy.

*The following Disclosure and Confidentiality Statement accompanies this policy.*

## CONFLICT OF INTEREST

### Disclosure and Confidentiality Statement

The Foundation for Appalachian Kentucky strongly believes in protecting the privacy of its donors and donor prospects, and the confidentiality of the information concerning them. It also believes in protecting the privacy of the organizations seeking grants, affiliation, fiscal sponsorship, or financial sponsorship and the confidentiality of the information concerning them.

To that end, as a board member, committee or advisory group member, employee, or volunteer, I agree to honor the confidentiality of all practices, procedures, and information received during the normal course of Foundation business.

Additionally, I agree to disclose any business, financial, or volunteer relationship that may be considered a conflict of interest, or potential conflict of interest, with the mission and goals of the Foundation for Appalachian Kentucky, and actions taken by the Foundation in pursuit of its mission and goals.

- I have received a copy of the Foundation for Appalachian Kentucky Conflict of Interest Policy, adopted on February 11, 2011 YES \_\_\_\_ NO \_\_\_\_
- I have read and understand the Conflict of Interest Policy. YES \_\_\_\_ NO \_\_\_\_
- I agree to comply with the Conflict of Interest Policy. YES \_\_\_\_ NO \_\_\_\_
- I understand that the Foundation for Appalachian Kentucky is a charitable organization and that in order to maintain its federal tax exemption, it must engage only in activities that accomplish one or more of its tax-exempt purposes. YES \_\_\_\_ NO \_\_\_\_
- Are there any conflicts of interest, or potential conflicts of interest that you believe should be disclosed at this time? YES \_\_\_\_ NO \_\_\_\_

Additional comments or information that you believe to be helpful.

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Signature

Date



## **DONOR CONFIDENTIALITY AND PRIVACY POLICY**

The Foundation for Appalachian Kentucky understands the importance of protecting the privacy of personal information, especially in today's increasingly electronic environment, and has created this policy to demonstrate its firm commitment to the privacy of all of our donors and website users. With respect and privacy in mind, we adhere to the following guidelines.

- Information about donors and donations is handled with respect and confidentiality.
- We do not exchange, lend, rent or sell our donor lists to third party organizations, including email addresses.
- The personal information provided when making an online donation or registering for an event will not be disclosed to any unauthorized third parties.
- When you make a donation online, a secure connection is established and your information is encrypted. The secure connection is maintained until the transaction is completed or terminated.

Employees of the Foundation are not permitted to use this information for any purpose other than to carry out the services they are performing for the benefit of the Foundation. Employees, Board Members, and volunteers are required to sign a confidentiality statement at least annually.

Donors who provide us with a postal address or email address, may receive periodic mailings about the Foundation and its programs, Funds held and/or managed by the Foundation, or about upcoming events. Donors who wish to not receive mailings or such information may opt out of mailings and solicitations.

### Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to our quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, the Foundation for Appalachian Kentucky adheres to the Donor Bill of Rights established by the Association of Fundraising Professionals (AFP), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education, and the (CASE) Giving Institute: Leading Consultants to Non-Profits

- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about donations is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organizations, or hired solicitors
- To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

### Public Information

Under IRS Code, the following foundation documents are public information:

- IRS Forms 990 and affiliated schedules for the past three years.
- Exemption letter from the IRS.
- Approved application for exemption with supporting documentation.

Lists of our donors, other than those published in the annual report, are not available to the public. We do not reveal the name of anonymous donors.

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Signature

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Date



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FORMS



## Application for Affiliate Status

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### Primary Contact

Attach a roster of the steering committee and minutes of the meeting at which the individual listed was authorized to sign affiliation documents on behalf of your group.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

### Affiliate Community Foundation Funds\*

Minimum Requirement:

- At least one unrestricted, permanent endowed fund with a minimum deposit of \$1,000 and a minimum goal of \$25,000 over five (5) years; and
- An unrestricted, non-endowed administrative fund with a minimum deposit of \$500 and a minimum goal of \$5,000 over five (5) years.

#### Endowment Fund

Name: \_\_\_\_\_ Endowed Assets: \_\_\_\_\_

Geographic Service Area: \_\_\_\_\_

Stated Purpose:

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#### Administrative Fund

Name: \_\_\_\_\_ Non-Endowed Assets: \_\_\_\_\_

\*Named Fund Agreement(s) must be attached for each fund.



## Fund Advisory Committee

Fund name: \_\_\_\_\_

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

The Foundation sends fund reports and other important documents to one primary contact on each Fund Advisory Committee. Please indicate your Committee's primary contact.

Primary Contact correspondence will be sent to:			
*1. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal
2. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal
3. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal
4. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

5. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

6. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

7. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

8. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

9. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

10. Name:		Committee Office:	<input type="checkbox"/> Chair <input type="checkbox"/> Vice-Chair <input type="checkbox"/> Secretary <input type="checkbox"/> Treasurer <input type="checkbox"/> Member
Mailing Address:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	City, State, Zip:	
Business Phone:		Home Phone:	
Mobile Phone:		Fax:	
Primary Email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal	Alternate email:	<input type="checkbox"/> Work <input type="checkbox"/> Personal

# Contribution Submission Form

Foundation for Appalachian Kentucky  
Deliver or mail to **420 Main Street, Hazard, KY 41701**

**Fund Name:**

**Affiliate** *(if applicable):*

		Type and Amount	
Donor Name and Address	Purpose <i>(i.e. In memory of, for a project, fundraiser)</i>	Cash	Check
Anonymous	For contributions given without request of a receipt or bulk cash from a fundraiser	\$	
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
<b>Cash Subtotal</b> - <i>(This is the total amount that should be submitted in the form of a cashier's check)</i>		\$	
<b>Check Subtotal</b>		\$	
<b>TOTAL</b>		\$	

Authorized Signature \_\_\_\_\_

Submission Date \_\_\_\_\_



## AFFILIATE GRANT RECOMMENDATION FORM

I recommend distribution from the \_\_\_\_\_  
 (AFFILIATE) \_\_\_\_\_ to the following organization(s) and in the amount listed:

ORGANIZATION NAME		AMOUNT	
Address		Special Instruction:	
Phone			
Contact			
Contact Email			
ORGANIZATION NAME		AMOUNT	
Address		Special Instruction:	
Phone			
Contact			
Contact Email			

I understand that the staff of Foundation for Appalachian Kentucky will review each recommendation to ensure that the organization is an approved 501(c)3 and/or falls within the charitable guidelines as approved by law.

Further, I acknowledge that:

- There has not been nor will there be any exchange of goods or services or any personal or material benefit that is not provided to the general public (for example newsletters) and that there has not been nor will there be any tangible benefit, goods or services, such as tickets, memberships, meals, preferred parking, preferred seating, discounted merchandise or other preferential treatment from the recommendation(s) above.
- The recommendation(s) above do not satisfy any pre-existing personal pledge(s) or other financial obligations of the donor(s), advisor(s), or any related parties.
- The recommendation(s) above do not benefit an individual(s).

Affiliate Authorized Representative (Signature) \_\_\_\_\_

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

Date \_\_\_\_\_





## **CONFLICT OF INTEREST**

### **DISCLOSURE AND CONFIDENTIALITY STATEMENT**

It is important for the Foundation for Appalachian Kentucky to have systems in place that help safeguard the integrity and reputation, as well as the assets of the organization. However, it is also important to understand and realize that in a small communities, board members, employees, and volunteers participate in (and volunteer with) many community obligations. The duty of loyalty requires that board and committee members, employees, and volunteers act in the best interests of the organization and not in their own interest or the interest of another entity.

A conflict of interest is defined as an activity or interest that may cause, or appear to cause, a bias for or against a particular grantee, action, or policy being considered by the board of directors, a committee or advisory group member, or employee.

Duty of loyalty can best be exercised in the following ways:

- Disclosure of any conflicts of interest
- Adherence to the Foundation's conflict of interest policy
- Avoidance of the use of corporate opportunities for the individual's personal gain or benefit.
- Nondisclosure of confidential information about the organization.

### **POLICY**

Annually, all board members, committee or advisory group members, employees, and volunteers will sign the **Conflict of Interest Disclosure and Confidentiality Statement** affirming that they have received a copy of the current Conflict of Interest Policy; that they have read and understand the policy; that they agree to comply with the policy.



## **PROCEDURE**

### **Grant Making**

- 1) Prior to discussion and action on any proposed grant or sponsorship, board members or committee members, and employees connected with the grant applicant through employment, volunteer service, or in an advisory role will state the existence of a conflict, and allow a discussion of the board to determine if a true conflict of interest exists.
- 2) If a true conflict of interest is determined, the voting member will not vote on the request.

### **Business Relationships**

- 1) Prior to discussion and action of any financial transaction or arrangement, board members or committee member, and employees with a conflict of interest or potential conflict of interest will disclose the financial, business, or contractual relationship with the proposed business or individual under consideration to determine if a true conflict of interest exists.
- 2) If a true conflict of interest is determined, the voting member will not vote on the request.

## **REPORTING**

Every year in January, every board member, committee or advisory group member, and employee will submit a statement in writing affirming that they have received, read, and understand the Foundation's Conflict of Interest Policy, and agree to comply with the policy.

*The following Disclosure and Confidentiality Statement accompanies this policy.*

## CONFLICT OF INTEREST

### Disclosure and Confidentiality Statement

The Foundation for Appalachian Kentucky strongly believes in protecting the privacy of its donors and donor prospects, and the confidentiality of the information concerning them. It also believes in protecting the privacy of the organizations seeking grants, affiliation, fiscal sponsorship, or financial sponsorship and the confidentiality of the information concerning them.

To that end, as a board member, committee or advisory group member, employee, or volunteer, I agree to honor the confidentiality of all practices, procedures, and information received during the normal course of Foundation business.

Additionally, I agree to disclose any business, financial, or volunteer relationship that may be considered a conflict of interest, or potential conflict of interest, with the mission and goals of the Foundation for Appalachian Kentucky, and actions taken by the Foundation in pursuit of its mission and goals.

- I have received a copy of the Foundation for Appalachian Kentucky Conflict of Interest Policy, adopted on February 11, 2011 YES \_\_\_\_ NO \_\_\_\_
- I have read and understand the Conflict of Interest Policy. YES \_\_\_\_ NO \_\_\_\_
- I agree to comply with the Conflict of Interest Policy. YES \_\_\_\_ NO \_\_\_\_
- I understand that the Foundation for Appalachian Kentucky is a charitable organization and that in order to maintain its federal tax exemption, it must engage only in activities that accomplish one or more of its tax-exempt purposes. YES \_\_\_\_ NO \_\_\_\_
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Additional comments or information that you believe to be helpful.

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Signature

Date



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- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about donations is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
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- Exemption letter from the IRS.
- Approved application for exemption with supporting documentation.

Lists of our donors, other than those published in the annual report, are not available to the public. We do not reveal the name of anonymous donors.

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Signature

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Date