



Application and Guidelines for Affiliate Status

What is a community foundation?

A community foundation is a vehicle for charitable giving capable of benefiting the entire community. Through the mechanism of endowment funds, charitably minded individuals can establish funds to build a permanent source of charitable assets to meet emerging, as well as existing, needs of the community.

What is the Greater Salina Community Foundation?

Established in 1999 to expand private philanthropy in central Kansas, the Greater Salina Community Foundation is a public charity enjoying the widest possible tax exemption. It is one of more than 700 community foundations nationwide and is a member of the national Council on Foundations. The Foundation focuses charitable giving on local needs and presently manages endowment funds totaling approximately \$43 million.

What is an Affiliate?

The Greater Salina Community Foundation's Affiliate Program provides a mechanism to build local philanthropy across north central Kansas. Communities that wish to build a local family of funds and that have the potential to do so may wish to apply for status as affiliate community foundations. Affiliates receive financial and administrative services, marketing support, on-going training, and technical assistance from GSCF staff.

Steps toward Affiliation

The Greater Salina Community Foundation will accept communities for provisional affiliate status that have laid the appropriate groundwork by completing the first three phases of assessment, feasibility, and formation described in the attachment: *Five Phases of Starting an Affiliate Foundation*.

Provisional status means that the community will have technical assistance support for no more than five (5) years toward developing a full affiliate. To become a full affiliate, communities must complete phases four and five—creation and implementation. The implementation phase will require a comprehensive work plan that details how the local group will grow a significant and meaningful endowment for the area over a period of 3 to 5 years. As a general guideline, communities accepted into full affiliate status must demonstrate the potential to reach at least \$1 million in endowed funds over time, as evidenced by existing gifts and planned gifts that are expected in the future. An appropriate endowment amount and timeline will be mutually agreed upon by the local community volunteers and GSCF based upon the Transfer of Wealth for the geographic area to be served.

Technical assistance services include long range planning, board development, marketing & communications, and endowment campaign planning.

Benefits to Affiliates

Communities that create an affiliate foundation within the Greater Salina Community Foundation effectively pool resources for community betterment, benefit from experienced investment and administration services, and generate increased awareness of community needs and citizens' philanthropy.

Pooling Resources for Community Betterment

- An affiliate program is a permanent, steady, and secure source of grant making that addresses present and future community needs.
- The affiliate provides a catchment for bequests and other gifts (both large and small) that will benefit the entire community.
- Funds established with the affiliate are an attractive option to donors, particularly those who wish to make large gifts or leave a gift by bequest, since the donation is maintained in perpetuity and is not expended for short-term operating costs.
- Those who give to funds with the affiliate often become more involved and provide leadership for philanthropic organizations and endeavors. An affiliate foundation can be a powerful force in mobilizing community advocates.
- Growing communities are strengthened by their ability to serve citizens' needs now and for future generations.

Benefiting from Experienced Investment and Administrative Services

- The Foundation's Investment Committee is composed of board and community volunteers primarily in the fields of banking, business, finance, and investment. Presently, they allocate funds in a portfolio of low cost index funds according to a board approved investment policy.
- The Foundation can pool endowment funds for investment purposes, thus providing the benefits of a balanced portfolio, diversification, appreciation, lower internal management costs.
- Although the Foundation is almost always the most efficient choice among financial management alternatives, the Foundation does offer affiliates an opportunity to "keep their money at home" through our outside manager program.
- A simple document can establish an affiliate endowment, eliminating the need for establishing a stand-alone nonprofit corporation.
- Quarterly accountings are provided to the affiliate. On-line access to fund information and statements is available.
- Fund documents and policies and procedures are already created and ready for use by the affiliate.
- Grants are recommended by the affiliate's governing board on a regular basis.
- Serving the Foundation is a professional administrative support staff committed to meeting its accounting/financial, program, and communication needs.

Generating Increased Awareness of Community Philanthropy

- The affiliate shares in the public relations efforts of the Foundation and is featured in print pieces such as the Foundation's Annual Report, and on our Web site, all of which create more awareness of the affiliate among the donor community.

- The affiliate can participate in the Foundation's special events and functions.
- 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.

Rewarding Growth

The Foundation provides support in the form of education and materials to help affiliate boards sustain and grow the assets of their foundations. GSCF recognizes that as affiliates grow and prosper, they generate increased fee revenue, and may require less intensive administrative support. With that in mind, GSCF has adopted a rebate grant program to reward affiliates for their success and support additional good work in their communities. The affiliate fee schedule is attached.

Transferring an Existing Foundation into a GSCF Affiliate

Existing community foundations may wish to affiliate with the Greater Salina Community Foundation (GSCF). These existing foundations must agree to adhere to GSCF policies and guidelines. All affiliates share the GSCF 501c3 and are part of the same corporate entity. Existing foundations may be asked to let their separate 501c status lapse. In addition, existing foundations may be required to divest themselves of some assets or reallocate investments in order to adhere to GSCF policies. Existing foundations must follow the same procedures as new foundations in order to become an affiliate. The process may be faster or even immediate, depending on the governance structure and assets the existing foundation brings in. The Greater Salina Community Foundation reserves the right to refuse the request of an existing foundation to become an affiliate.

Alternative to Affiliate – A Community Fund

A community may work with the Greater Salina Community Foundation to promote local philanthropy without becoming an affiliate by establishing a Community Fund. This is a general purpose endowed fund that meets the minimum fund requirements (currently \$25,000 for a Field of Interest Fund). A community fund provides annual grants to support charitable programs and projects in a defined geographic location. A local advisory committee reviews and recommends grants with assistance from the Foundation. GSCF staff is available to provide technical assistance and training during the start-up phase regarding guidelines, legal requirements, and endowment campaign planning. Aside from financial and administrative support, such as investment management, check writing, and regular financial reports, Community Funds are not staffed by GSCF on an on-going basis.

For more information, contact:

Jessica Martin
Affiliate Coordinator
Greater Salina Community Foundation
PO Box 2876
Salina, KS 67402-2876

Application for Provisional Affiliate Status Cover Sheet

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: _____ State: KS Zip: _____

Phone: _____ Fax: _____ E-mail: _____

Community Fund(s)

Requires at least one general purpose endowed fund with a minimum of \$30,000

Name of Fund: _____

Endowed Assets: _____

Stated Purpose: _____

Geographic Service Area: _____

Other Fund(s)

Continue on Additional Sheet as Needed

Name: _____

Endowed Assets: _____ Fund Type: _____

Stated Purpose: _____

Geographic Service Area: _____

I. Attach a narrative of your process and progress in addressing the first three phases of community foundation development:

1. Assessment
2. Feasibility
3. Formation

II. Attach up to five (5) letters of recommendation from primary supporters that are critical to achieving the initial fund balance of \$30,000.

The Five Phases of Starting an Affiliate Foundation

1. Assessment

- A core group of community members explores the affiliate concept as a potential way to build local philanthropy.
- Core group acquaints local bankers, businesses, professional advisors, such as estate planning attorneys, financial advisors and certified public accountants, as well as other community leaders with the concept. The local United Way should be included at this beginning stage.
- An initial meeting of key community leaders (up to 30) is convened to determine their level of acceptance of the idea and commitment to successful implementation.
- The leadership group determines to move forward with the feasibility phase.
- Individuals are assigned to study groups to conduct the feasibility phase.

2. Feasibility

- Geographic service area—a working group that defines a logical service area to be covered by the new affiliate.
- Affiliate relationships—a working group that collects information from other GSCF affiliates and community foundations to understand the advantages and the drawbacks to creating an affiliate rather than a free-standing community foundation.
- Philanthropic tradition and potential—a working group that examines the local climate for philanthropy.
 - Questions to Ask
 - Has local economic activity created wealth?
 - Who controls that 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?
 - How many nonprofits are located in the area? What are their sources of support?
 - The Transfer of Wealth
 - GSCF can provide a data set of local information
 - The data can be analyzed by county or economic region
- Sources of support—a group to determine the source of the first \$30,000 (minimum) to establish a Community Fund for the defined area. Ideas:
 - 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
- A meeting to introduce local nonprofit and community organizations to the concept.
 - Explain the advantages.

- Clarify ways in which community foundation will not interfere with local nonprofit fundraising.
 - Building more awareness of philanthropy and ways to give is a strategy to increase local giving to local causes.
 - Most nonprofits are seeking annual gifts from discretionary income.
 - Community foundations primarily seek planned gifts from excess assets.
 - In the early stages community foundation fundraising may overlap with local nonprofit efforts.
 - As endowments are developed area nonprofits will have a new, local source that understands their role in the community
 - Community foundations assist the nonprofit sector through both endowment and capacity building.
 - Local nonprofit leaders are often instrumental in lending their support and endorsement to the creation of a new community foundation.
- 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 non-residents
- Board Composition
 - Establish a matrix that appropriately addresses representation from the local area in terms of:
 - Demographics
 - Ethnicity
 - Age
 - Income Levels
 - Business Sectors
 - Others important to the local community
 - Identify and cultivate potential members of the first board
 - Some may be steering committee members
 - Others may be new to the concept
- Seed funding
 - Minimum \$30,000 from identified sponsors
 - Open first unrestricted Community Fund.
 - Determine the endowment goal at which the first grants will be made
 - Continue to grow the fund

- Initial benchmark of \$30,000
- Needed to apply for affiliate status
- Administrative Functions
 - Options for local administrative and clerical support:
 - Loaned—sometimes a business member of the initial board can allocate part-time support staff
 - Volunteer—sometimes community member(s) can donate their time
 - Paid—the group may need to consider local options for raising funds for Administrative endowment (Minimum \$600,000 to hire part-time staff person with \$30,000 per year in expenses)
- Grant making
 - Overall philosophy for general funds; i.e. the affiliate will provide:
 - Funding only for agencies located in the area
 - Funding for agencies providing service in the area
 - Identification of desired Field of Interest funds
 - Areas of particular need
 - Potential for initial focus
- Public Education
 - Announce the work of the steering committee
 - Begin to build a vision of the role of a local community foundation in the public eye

4. Creation

- Establish first advisory board
 - Ensure broad community representation
- Stagger initial terms Request formal affiliation with GSCF
 - Upon approved, designated representative of steering groups signs affiliate agreement
 - Clarifies mutual responsibilities and expectations
 - Affiliate legally may operate as a nonprofit affiliate in accordance with GSCF policies and procedures

5. Implementation

- Adopt operating guidelines
- Select officers
- Conduct long range planning process
 - Set long-term vision
 - Annual benchmarks
 - Work plan
- Establish the first long-term (3 to 5 years) endowment goal
 - Meaningful to the local area
 - Achievable annual benchmarks
- Kick-off event



Affiliate Fee Schedule

An administrative contribution (fee) shall be charged annually to each Affiliate fund in the same manner as other funds within the Greater Salina Community Foundation. The contribution is based on the average daily balance of each fund as of the last day of the fiscal year.

A rebate grant will be made annually to the unrestricted fund of each Affiliate that is in at least its 6th year of existence, according to the following schedule:

| Assets Attributable to Affiliate in GSCF's Long-Term Pool | Percentage of Administrative Contribution rebated as Grant to Unrestricted Fund of Affiliate |
|--|---|
| Up to \$1,000,000 | No rebate grant made |
| \$1 million up to \$2 million | 10% of administrative contribution paid to GSCF |
| \$2 million up to \$3 million | 20% of administrative contribution paid to GSCF |
| \$3 million up to \$4 million | 30% of administrative contribution paid to GSCF |
| \$4 million up to \$5 million | 40% of administrative contribution paid to GSCF |
| \$5 million and over | 50% of administrative contribution paid to GSCF |