

Application and Guidelines for Affiliate Status

The Arizona Community Foundation's Statewide Affiliate System provides a mechanism to build local philanthropy across Arizona. Any community may participate in the affiliate system by establishing a Community Fund with a group of local advisors for a general purpose endowed fund that meets the minimum fund requirements (currently \$25,000). ACF staff is available to provide technical assistance and training during the start-up phase regarding policies, 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 ACF on an on-going basis.

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 the same basic financial/administrative services, marketing support, on-going training, and technical assistance from ACF staff. These guidelines have been prepared to assist local communities to determine what is appropriate for their situation.

The Arizona 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: 5 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 ACF based upon the Philanthropy Indicators for the geographic area to be served.

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

Send all requested items in one package to:

Carla Roberts
Vice President of Affiliates
Arizona Community Foundation
2201 E. Camelback; Suite 202
Phoenix, AZ 85016

**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: AZ Zip: _____

Phone: _____ Fax: _____ E-mail: _____

Community Fund(s)

Requires at least one general purpose endowed fund with a minimum of \$50,000

Name: _____

Endowed Assets: _____ Fund Type: _____

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 \$50,000.

The Five Phases

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 ACF 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 Philanthropy Indicators
 - ACF can provide a data set of local information through the lens of philanthropy.
 - The data can be analyzed for any area—from as large as a county or economic region to as small as a neighborhood

Sources of support—a group to determine the source of the first \$25,000 (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 \$25,000 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 \$50,000
- 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 (Estimated need \$10,000-\$20,000 per year)
 - Annual requirements to be addressed in long range strategy
 - Annual event focused on raising administrative funds (\$10,000 and up) and creating public awareness
 - Administrative endowment
- € Grantmaking
 - 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

- € Request formal affiliation with ACF
 - 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 ACF policies and procedures
 - ACF files a trademark registration with the Arizona State Department
- Establish first advisory board
 - Ensure broad community representation
 - Stagger initial terms

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