

**Nonprofit Governance
Policies and Procedures Revisited:
Trends, Developments, and More**

ATTACHMENT 1

Relevant Form 990 Pages

**Nonprofit Governance
Policies and Procedures Revisited:
Trends, Developments, and More**

ATTACHMENT 2

Sample Conflict of Interest Policy

**POLICY ON CONFLICTS OF INTEREST AND
DISCLOSURE OF CERTAIN INTERESTS**

**Article I
Purpose**

The purpose of the conflict of interest policy is to protect _____ (the “Organization”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member, officer, director, or key employee of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Article II
Definitions**

1. **Interested Person**

Any member, director, principal officer, key employee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement.
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

3. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

4. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the members of the governing board and the members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested members, directors, or committee members whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

1. The minutes of the governing board and all committees with board delegated powers shall contain:
 - a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
 - b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

1. Each member, director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:
 - a. has received a copy of the conflicts of interest policy,
 - b. has read and understands the policy,
 - c. has agreed to comply with the policy, and

- d. understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

1. To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may use outside experts if determined to be necessary by the governing board of the committee. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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ATTACHMENT 3

**Sample Conflict of Interest
Policy For Family Foundation**

**POLICY ON CONFLICTS OF INTEREST AND
DISCLOSURE OF CERTAIN INTERESTS**

**Article I
Purpose**

The purpose of the conflict of interest policy is to protect _____ (the “Organization”) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member, officer, director, or key employee of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Article II
Definitions**

1. **Interested Person**

Any member, director, principal officer, key employee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement.
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

3. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

4. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the members of the governing board and the members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. In the event all members of the governing board or committee are the spouse of _____ or descendants of _____ or the spouse of a descendant of _____, the governing board or committee shall obtain and examine comparable data on all proposed transactions or arrangements involving the possible conflict of interest.
- c. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- d. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- e. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested members, directors, or committee members whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Alternative Procedure for Addressing the Conflict of Interest

- a. In recognition that the Organization's governing body may be comprised entirely of members of the _____ family, their spouses, and/or their descendants, this alternative procedure as set forth in subparagraph 4(b), below, may be used in those circumstances where the governing board or committee are unable to obtain comparable data or are unable to act in an objective manner due to the relationships involved.
- b. If the members of the governing board or committee determine that they are unable, with respect to a particular transaction or arrangement, to act in an objective manner, the members or the governing board or committee may appoint a committee comprised of advisors to the Organization, including the Organization's accountants, attorneys, or other individuals as selected by the members, to review any particular transaction or arrangement and make a recommendation to the governing body or committee with respect to the adoption of the particular transaction or arrangement. Such advice is not intended to relieve the governing body or committee from exercising its governance obligations but rather is intended to provide an objective review to assist the governing body or committee.

5. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

1. The minutes of the governing board and all committees with board delegated powers shall contain:
 - a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
 - b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any

alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI **Annual Statements**

1. Each member, director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflicts of interest policy,
 - b. Has read and understands the policy,
 - c. Has agreed to comply with the policy, and
 - d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII **Periodic Reviews**

1. To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
 - b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further

charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may use outside advisors or experts if determined to be necessary by the governing board or committee.. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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ATTACHMENT 4

**Sample Conflict of Interest
Annual Disclosure Statement**

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ATTACHMENT 5

Sample Whistleblower Policy

Sample Whistleblower Policy

General

_____ (“Organization”) is committed to lawful and ethical behavior in all of its activities and requires trustees, officers and employees to act in accordance with applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of Organization, we must practice honesty and integrity in fulfilling our responsibilities.

Reporting

Organization encourages its trustees, officers, and employees to share their questions, concerns, suggestions, or complaints with someone who can address them properly. Any employee, officer, or trustee who reasonably believes that some policy, practice, or activity of Organization is in violation of law or Organization policy should file a complaint with the Executive Director or the President of the Board of Trustees. If the wrongful conduct implicates one or both of the Executive Director or the President of the Board of Trustees, or if the reporting individual is not comfortable speaking with or not satisfied with the response of the foregoing individuals, the issue may be reported to any member of the Board of Trustees. Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Concerns

Examples of items of concern include but are not limited to:

- Forgery or unauthorized alteration of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation of a Conflict of Interest Policy
- Misappropriation or misuse of Organization resources, such as funds, supplies, or other assets
- Authorizing or receiving compensation for goods not received or services not performed
- Authorizing or receiving compensation for hours not worked

No Retaliation

No trustee, officer or employee who makes a good faith report under this Whistleblower Policy or who cooperates in inquiries or investigations shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees, officers, and trustees and others to raise serious concerns within Organization prior to seeking resolution outside Organization.

Any trustee, officer or employee who believes that he or she has been subjected to any form of retaliation as a result of making a good faith report under this Whistleblower Policy should immediately report the retaliation to the Executive Director or the President of the Board of Trustees.

Investigation

The Executive Director, President of the Board of Trustees, or a representative of the Board of Trustees will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated in a manner intended to protect confidentiality, consistent with a full and fair investigation, and appropriate corrective action will be taken if warranted by the investigation. A summary of the investigation will be presented to the Board of Trustees.

Accounting and Auditing Matters

The Board of Trustees shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Executive Director or the President of the Board of Trustees shall immediately notify the Board of Trustees of any such complaint and work with the Board until the matter is resolved.

Acting in Good Faith

Anyone making a complaint concerning a violation or suspected violation of some policy, practice or activity of Organization must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of a policy, practice or activity of Organization. Any allegations that prove not to be substantiated and to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

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ATTACHMENT 6

**Sample Document Retention
and Destruction Policies**

SAMPLE

Document Retention, Location, and Disposal Policy (Version 1)

Statement of Policy

The _____ (the “Organization”) seeks to insure that its documents are secure, accessible, maintained, and destroyed in accordance with business practices that meet both the legal and practical requirements applicable to the Organization. The Organization’s files may be stored in paper (hard) format or electronic (soft) format, or some combination of the two, as needs dictate.

Organization staff should devise and implement policies designed to preserve the appropriate safety and confidentiality of documents in the Organization’s possession. A copy of the Organization’s current tax return should be available to the public along with a copy of the Organization’s application for recognition of tax exemption.

Management and Retention of Office Documents

Documents should be maintained at the Organization’s office to preserve their security and usefulness to the Organization. Staff should prepare a list locating documents within the Organization’s office. Appropriate security should be considered when originals or copies are removed from the office. When copies of documents containing confidential or private information are given to board members or others, Organization staff should take caution to assure appropriate disclosure and eventual destruction of the information.

Documents should be maintained until the end of the retention period, and should then be destroyed as provided in this policy.

Suspension of Document Destruction in the Event of Litigation or Claims

In the event the Organization is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit concerning the Organization or the commencement of any litigation against or concerning the Organization, such employee will inform the Executive Director and any further disposal of documents shall be suspended until such time as the Executive Director, with the advice of counsel, determines otherwise. The Executive Director shall take such steps as is necessary to promptly inform all staff of any suspension in the further disposal of documents.

Discarding and Destroying Office Documents

Staff should establish and follow a procedure to discard or destroy documents appropriately. The procedure should ensure that:

- The documents have reached the end of their retention period and are no longer useful to the conduct of the Organization’s business,
- The documents are not related to an investigation or inquiry by legal authority outside the Organization, and
- The documents are destroyed in an appropriate manner.

For destruction, sensitive documents such as those containing financial, personal or account information should be irreversibly destroyed with no reasonable risk of the information being recovered. Other paper documents should be recycled.

Retention Period for Documents:

Permanent Files

- Articles of Incorporation/Certificate of Formation
- Bylaws
- IRS Determination Letter
- Policies
- Minutes of Board of Directors
- Annual Grant Listing
- Property Deeds
- Property Appraisals
- Building and Site Drawings
- Annual Audit Reports and Financial Statements
- General Ledgers
- Property Insurance Policies
- IRS or Other Government Audit Records
- Tax Returns/990s
- Documents Evidencing Terms, Conditions or Restrictions on Gifts
- Records of Contributions
- Employee Handbook
- Opinion Letters of Counsel

Items kept for seven years

- Annual Reports
- Investment records (or seven years after sale of investment)
- Tax Records (excise tax, payroll tax, tax bills/receipts/statements, work paper packages) Litigation records (seven years after conclusion of litigation)
- Financial records (bank statements, cancelled checks, accounts payable and accounts receivable ledgers and schedules)
- Brokerage Firm Statements
- Property Documents (lease, etc.)
- Safe Deposit Box
- Grant files
- Personnel files (seven years after termination)
- 1099s and W2s
- Office equipment purchased
- Office equipment manuals (or useful life)
- Annual Audit Records, including work papers and other documents that relate to the audit
- Employee Expense Reports
- Contracts and Related Correspondence (seven years after expiration or termination of contract)
- Payroll Documents (seven years after termination)

Items kept for less than six years

- Magazines
- Grantee Newsletters
- Annual stock and fund reports

Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

Emergency Planning

Organization’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping Organization operating in any emergency will be duplicated or backed up at least every week and maintained off site.

Sample Record Retention Policy (Version 2)

The corporate records of the ABC Foundation and its subsidiaries (hereafter the “Foundation”) are important assets. Corporate records include all records you produce as an employee, whether paper, verbal or electronic. A record may be as obvious as a memorandum, an e-mail, a contract or a case study, or something not as obvious, such as a computerized desk calendar, an appointment book or phone message.

The Foundation is required to maintain certain types of corporate records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject you and the Foundation to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the Foundation in contempt of court, or seriously disadvantage the Foundation in litigation.

The Foundation expects all employees to fully comply with the Foundation’s records retention and destruction policies and schedules, and with the following general exception to any stated destruction schedule:

If you believe, or the Foundation informs you, that Foundation records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until the President determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If you believe that exception may apply, or have any question regarding the possible applicability of that exception, please contact the Director of Finance and Administration.

The goals of this policy are: (1) to ensure that all non-critical records are retained for the minimum period required by law and no longer, thereby eliminating the storage-space problem and minimizing expenses; (2) to ensure that all critical records, including those which may substantially affect the obligations of the Foundation or document the Foundation’s compliance with the law, are retained for a sufficient period of time as to be useful to that end; and (3) to ensure that records are destroyed only pursuant to a standard policy which has been developed for business reasons.

This policy shall apply to all records regardless of whether the records are stored on paper or on computer hard drives or other electronic media. Attached to this policy is a Records Retention Schedule. This schedule sets forth the recommended retention periods for each category of records. The categories are intended to be general and should be interpreted as including all types of records relating to that category, including correspondence, notes, reports, etc. Documents that are sent to storage should be identified by category and should indicate a planned destruction date determined in accordance with the attached schedule. The individual responsible for carrying out this policy shall use these dates to identify records ready for destruction.

The Vice President of Finance is responsible for the overall administration and enforcement of this policy. The Vice President of Finance must monitor compliance with the retention periods and is specifically charged with overseeing periodic reviews of records in accordance with the policy. Oversight shall include creation of an index of active and inactive records as well as maintaining a “log book” in which all destroyed documents are recorded.

The legally-required retention periods set forth on the attached schedule presumes the operation of the Foundation in the “ordinary course of business.” Destruction of records relating to litigation or governmental investigations may constitute a criminal offense. The Vice President of Finance shall be

responsible for suspending destruction of any Foundation records as soon as litigation, federal government investigation, civil action, audit by a governmental agency or enforcement proceeding is suspected, reasonably anticipated or is commenced against the Foundation, its officers, directors or employees. The Vice President of Finance shall notify individuals at the Foundation responsible for record retention activities to ensure that destruction of records is suspended until the litigation, investigation or proceeding is complete.

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Foundation and its employees and possible disciplinary action against responsible individuals (up to and including termination of employment). Each employee has an obligation to inform the Vice President of Finance immediately of a potential or actual litigation, external audit, investigation or similar proceeding involving the Foundation that may have an impact as well on the approved records retention schedule.

The Sarbanes-Oxley Act addresses the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored. It is important for all personnel to know the length of time records should be retained to be in compliance.

This information is intended as a guideline for retention of records; it is not a comprehensive list of all types of records the Foundation might have. In addition, some individual records within a given category will have more significance than others, depending on the circumstances, and may warrant retention beyond the time period indicated below. In each case, records should be retained for the longer of the periods specified in the "Legal Purposes" and the "Business Purposes" columns.

Retention/Destruction of E-mail Documents

Work related e-mail is a Foundation record and must be treated as such. It is the responsibility of the sender of the email message from the Foundation and the recipient of messages from outside the Foundation to manage email messages according to the Foundation's records retention policy. E-mail that does not meet the definition of a Foundation record (i.e., personal e-mail or junk e-mail) should be deleted from the system right away.

The Foundation e-mail servers are NOT intended for long-term record retention. E-mail messages and any associated attachment(s) with retention periods greater than one (1) year should be electronically stored in an appropriate file on a network drive subdirectory, so that it may be maintained and stored in accordance with the records retention policy. It is important to note that the e-mail messages should be kept with the attachment(s).

The printed or electronic copy of the e-mail must contain the following header information:

- who sent the message;
- who message was sent to;
- date and time message was sent; and
- subject.

When e-mail is used as a transport mechanism for other record types, it is possible, based on the content, for the retention and disposition periods of the e-mail and the transported record(s) to differ. In this case, the longest retention period shall apply. An email can be deleted once the email has been stored electronically in a file on the network drive. The electronic copy must be retained for the correct time period as determined by the Foundation's record retention policy.

Electronic Records

This policy applies to all electronic records. Staff should determine whether a document should be held in paper or electronic format, if it exists in both. Either the paper version should be destroyed and the electronic version maintained for the time requirements of this policy, or the electronic version deleted and the paper version maintained for the time requirements of this policy. Duplication of records in both electronic and paper format is unnecessary and cumbersome.

If an employee has performed Foundation-related work on his or her home computer, any records or documents should be transferred at the earliest possible time to a Foundation-owned computer and deleted from the home computer. This ensures that the document will be maintained under this policy.

E-mail correspondence which falls under one of the protected types of documents addressed in this policy should be saved by saving an electronic copy of same for the period specified in the policy. Email correspondence which does not directly fall under one of these categories may be kept as long as the staff member believes it is necessary but no more than one year. For example, a request from the President to prepare a report or notification from the Comptroller that an entry has been posted are not required to be kept. However, a response to a request for information from legal counsel or an opinion from the auditors would fall under the protected document classes and should be maintained in accordance with this policy.

The Foundation currently uses a voice mail system with a limited amount of memory available for archiving voice messages. All voice mail messages should be deleted within one week of receipt.

Electronic records will be backed up on a regular basis to recordable media. The period between back-ups will be no more than one week.

Unnecessary Documents

Those documents whose continued preservation serves no useful purpose and may, in fact, expose the Foundation to storage costs and liability shall be promptly and systematically deleted and destroyed by the employee who generated them. These include, but are not limited to, personal e-mails and correspondence unrelated to Foundation matters; preliminary drafts of letters and memoranda if a final version has been retained; brochures and newsletters received by the Foundation unrelated to its activities; and any "junk mail" received by the Foundation. However, any of the above documents relevant to or discoverable in pending or potential litigation and other legal and official proceedings shall be retained.

Records Retention Schedule

Category of File	Item	Retention Period	Retention Period (Legal Purposes)	Retention Period (Business Purposes)
Corporation Records	Articles of Incorporation	Permanent	Permanent	Permanent
	Bylaws	Permanent	Permanent	Permanent
	Board Meeting Agendas & Materials	7 Years	7 Years	7 Years
	Board & Committee Meeting Minutes	Permanent	Permanent	Permanent
	Board of Directors Disclosure Forms	7 Years	7 Years	7 Years
	Board Member Files (including correspondence)	Permanent	7 Years	Permanent
	Finance & Administration	Accounts Payable Ledger	7 Years	7 Years
	Accounts Receivable Ledger	7 Years	7 Years	7 Years
	Auditor Management Letters	Permanent	Permanent	Permanent
	Bank Deposits & Statements	7 Years	4 Years	7 Years
	Chart of Accounts	7 Years	7 Years	7 Years
	Check Register & Checks	7 Years	7 Years	7 Years
	Contracts & Agreements	Permanent	7 Years after all obligations end	Permanent
Correspondence general		7 Years	7 Years	7 Years
	Equipment files & maintenance records 7 years after	7 Years after disposition	7 Years after Disposition	7 Years after Disposition
	Expense Reports	7 Years	7 Years	7 Years
	Financial Statement (audited)	Permanent	Permanent	Permanent
	IRS Form I-9 (store sep. from personnel file)	Greater of 1 yr. after employment ends or 3 years	Greater of 1 yr. after employment ends or 3 years	Same as legal requirement
	General ledgers & Journals (incl. bank recon., etc.)	7 Years	7 Years	7 Years
Insurance Files	Policies-	Permanent	Permanent	Permanent

	occurrence type			
	Policies-claims make type	Permanent	7 Years	Permanent
	Accident Reports	7 Years	7 Years	7 Years
	Fire inspection reports	7 Years	7 Years	7 Years
	Group Disability Records	7 Years after end of benefits	7 Years after end of benefits	7 Years after end of benefits
	Safety (OSHA) Reports	Permanent	Permanent	7 Years
	Claims (after settlement)	7 Years	7 Years	7 Years
	Investment Performance Reports	7 Years	7 Years	7 Years
	Investment Manager Correspondence	7 Years	7 Years	7 Years
	Investment Manager Contracts	7 Years after all obligations end	7 Years after all obligations end	Same as legal req.
	Investment Consultant Reports	7 Years	7 Years	7 Years
	Journal Entries	7 Years	7 Years	7 Years
	Payroll Records	Permanent	3 Years	Permanent
Real Property	Deeds	Permanent	Permanent	Permanent
	Leases (expired)	7 Years after all obligations met	7 Years after all obligations met	Same as legal req.
	Mortgages & Security Agmts.	7 Yrs. After all obligations end	7 Yrs. After all obligations end	Same as legal req.
	Purchase Agmts.	7 Yrs. After disposition of property	7 Yrs. After all obligations end	Same as legal req.
Tax	Correspondence with legal counsel or accountants	7 yrs. after return filed	7 yrs. after return filed	Same as legal req.
	IRS Tax- exemption & correspondence	Permanent	Permanent	Permanent
	Tax Audit Closing Letters	Permanent	Permanent	Permanent
	Tax Returns	Permanent	Permanent	Permanent
	W/H Tax Statements	7 Years	7 Years	7 Years
Development	Executed Fund Agmts.	Permanent	Permanent	Permanent
	Fund Corres. Re: Fund Agmt.	Permanent	Permanent	Permanent
	Gift Acknowledgement	7 Years	7 Years	7 Years

	Gift Solicitations	7 Years after final distrib. of funds received	7 Years after final distrib. of funds received	Same as legal req.
	Trust Agmts.	Permanent	7 Yrs. After Termination of Trust	Permanent
	Trust Corres.	Permanent	7 Yrs. After Termination of Trust	Permanent
Communications	Annual Report	Permanent (5 copies)	7 Years	Permanent (5 copies)
	Other Publications	Permanent (2 copies)	7 Years	Permanent (2 copies)
	Photos	Permanent	7 Years	Permanent
	Press clippings	Permanent	n/a	Permanent
	Press releases	Permanent	7 Years	Permanent
Program/ Grantmaking	Approved Grants- all documentation	7 years after all reports completed	7 years after all reports completed	Same as legal
	Scholarship Records	7 Years	7 Years	7 Years
	Declined Grant Applications	3 Years	3 Years	3 Years
Human Resources Benefits	Retirement Plans	Permanent	Permanent	Permanent
	Employment Contracts	7 Yrs. After disposition of property	7 Yrs. After disposition of property	Same as legal req.
	Disability & Sick Benefits	7 Yrs. After claim date	7 Yrs. After claim date	Permanent
	Employment Applications	3 years	3 years	3 years
	Employee Handbooks	Permanent	Permanent	Permanent
	Employee Personnel Files	Permanent	Permanent	Permanent
	Resumes	3 years	3 years	3 years
	Workers Comp. Claims (after settlement)	7 Years	7 Years	7 Years
Technology	Software licenses & support	7 yrs. After all obligations end	7 yrs. After all obligations end	Same as legal

Record Retention Policy (Version 3)

1. Purpose: The purpose of this policy is to ensure that The XXXXXX manages data in an efficient and effective manner, maintains historical records related to its financial and administrative operations, and purges documents as part of its normal management process. By establishing a specific timeline for document purging, this shall also ensure compliance with the Sarbanes-Oxley Act, which prohibits the alteration, falsification or destruction of documents that are part of any official proceeding. If anyone associated with the XXXXXX becomes aware of any investigation, the XXXXXX shall be notified immediately so that document purging will cease and all relevant documents will be appropriately identified and protected.

2. Definitions:
 - a. "Document" refers to any item listed in the table below, in either hard copy, or electronic form. Electronic files also include those in audio/visual or emailed forms.
 - b. "Administrative" refers to documents pertinent to the day-to-day operations of the XXXXXX.
 - c. "Historic" refers to documents that are valuable for maintaining knowledge of the history of the XXXXXX and its work.
 - d. "Legal" refers to any document that is a contract or agreement between parties that contains financial information relevant to IRS filings, or that must be maintained to comply with laws and regulations.
 - e. "Recycle/scrap paper" includes disposal by normal recycling methods or reuse as scrap paper for internal printing or note taking.
 - f. "Shred" means using a shredder machine to properly shred and dispose of documents.
 - g. "Delete" means to delete an electronic file.

3. Labeling and Storage: All files, both hard copy and electronic, shall be labeled by topic and year (if applicable). Electronic copies shall be saved in appropriate folders on network drive. Hard copies shall be stored in file cabinets, or archived in the attic on the 3rd floor of the main office building. Archived hard copy files shall be stored in firm, water and animal proof containers, clearly labeled with "XXXXXX," topic, and year. If documents of similar type and with the same retention and destruction requirements are stored together, they shall also be labeled with a "destroy after" date so that they do not have to be reviewed additional times.

4. Review and Purging: Review and purging of files may take place in an ongoing manner, but must occur at least every two years in even numbered years, and must follow the minimum retention requirements stated below. Such review and purging must also occur prior to archival storage of any files.

5. Document Drafts: Once the final copy of a document has been completed, the drafts may be recycled or deleted, unless they are documents of legal value. For documents determined to be of legal value, drafts containing comments shall be saved for a minimum of two years, and drafts without comment may be destroyed once the final version is complete.

<u>Document Type</u>	<u>Value</u>	<u>Minimum Retention Requirement</u>	<u>Destruction Method</u>
Organizational founding documents (e.g. Articles of Incorporation, Bylaws, IRS Letter of Determination)	Legal, historic	Permanently	N/A
Formal meeting notes (e.g. Board, Advisory Committee)	Administrative, historic	Permanently	N/A
Informal (handwritten) meeting notes (e.g. staff meetings)	Administrative	2 years, or longer if topics remain relevant	Recycle/scrap paper
Funded grant proposals, reports, correspondence, etc.	Administrative, historic, legal	7 years after closure	Shred financial and private information, or recycle/scrap; delete electronic version
Rejected grant proposals, correspondence, etc.	Administrative, historic	2 years after rejection	Shred financial and private information, or recycle/scrap; delete electronic version
Timesheets	Administrative, historic, legal	7 years after end of employment	Shred if contains personal information, or recycle/scrap
Expense reports	Administrative, historic, legal	7 years after end of employment	Shred if contains financial information, or recycle/scrap
Budgets	Administrative, historic, legal	7 years	Shred; delete
Subscriptions/memberships	Administrative, historic, legal	2 years after end of subscription	Shred if contains financial information, or recycle/scrap
Employee evaluations	Administrative, historic, legal	7 years while employed, 2 years after end of employment.	Shred; delete
Contracts with, invoices from, vendors	Administrative, historic, legal	7 years after expiration/payment	Shred; delete
Workshop files • Marketing • Attendee list • Invoices from consultants or payment record from attendees • Contracts with consultants • Payments for food/supplies • General information	Administrative, historic, and/or legal	• 7 years • 7 years • 7 years • 7 years • 7 years • 2 years	• Recycle/scrap; delete • N/A • N/A • N/A • N/A • Shred • Recycle/scrap; delete
Topical information	Administrative	2 years, or as long as	Recycle/scrap; delete

		still relevant	
Correspondence (general)	Administrative, historic	2 years or as long as still relevant	Recycle/scrap; delete
Presentations given • Presentations that can be reused • Presentations for one use	Administrative, historic	• 7 years • 2 years	• Recycle/scrap; delete • Recycle/scrap; delete
Photographs • High quality with details of event • Photos missing details of event • Low quality	Administrative, historic	• 10 years • 2 years • 2 years	• Recycle/scrap; delete • Recycle/scrap; delete • Recycle/scrap; delete
Press clippings	Historic	Permanently if electronic or a hard copy without electronic backup; 2 years for hardcopy with backup	Recycle/scrap

Sample Records Retention Schedule

Type of Record	Retain for
Accident reports and claims	7 years
Accounts payable ledgers	7 years
Accounts receivable Ledgers	7 years
Affirmative action plans	7 years
Audit reports	Permanent
Bank deposit records	7 years
Bank reconciliations	7 years
Bank statements	7 years
Charts of accounts	Permanent
Charters, constitutions, bylaws	Permanent
Checks (canceled)	7 years
Contracts, mortgages, notes & leases (expired)	7 years from end of contract
Correspondence (general)	3 years
Correspondence (legal matters)	Permanent
Depreciation schedules	Permanent
Donations	7 years
EEOC reports	Permanent
Electronic fund transfer documents	7 years
Employment applications	3 years
Expense analyses/distribution schedules	7 years
Financial and Programmatic records for federal awards	3 years after the date of the final report for each year; Final policy to be determined
Financial statements year end	Permanent
Garnishments	7 years
General ledgers/year end trial balance	Permanent
Grants (Unfunded)	1 year
Grant/Collaboration files	7 years from close of the project
General account files (0/Z)	7 Years from last transaction in file
I-9's (after term)	1 year after term
Incorporation records	Permanent
Insurance records (expired contracts)	7 years
Insurance records (current)	Permanent
Internal reports	3 years
Invoices (to customers from vendors)	7 years
Journals	Permanent
Loan documents, notes	Permanent
Licenses	Permanent
Minute book or directors, stock holders, bylaws & charter	Permanent
OSHA logs	7 years
Patents and related papers	Permanent
Payroll records and summaries	7 years
Pension plan records (ERISA)	Permanent
Personnel files (terminated)	7 years after termination

Physical inventory records	7 years
Purchase orders	7 years
Receiving sheets	3 years
Tax returns and worksheets	Permanent
Study records	Per the Clinical Research Agreement
Time book/cards	7 years
Trademark registrations and copyrights	Permanent
Worker's comp. Documents	10 years after 1st closure

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ATTACHMENT 7

Sample Gift Acceptance Policy

Gift Acceptance Policy

_____ (the “Church”) is an organization that is exempt from federal income tax, as an organization described in Section 501(c)(3) of the Internal Revenue Code. As such, the Church establishes the following policies for the acceptance of gifts made to the Church:

General Policy Statement

The Church anticipates that it will accept and receive gifts and donations, especially made in the form of cash or cash equivalents (such as checks, money orders, cashier’s checks or similar legal tender), that its members or other individuals make as offerings or non-annual commitment donations as well as annual commitment donations without requiring the Church to investigate the type of gift or the motives of a donor in making the gift. Gifts may be unrestricted (not restricted by the donor to an endowment fund or for a particular purpose) or restricted (restricted by the donor to an endowment fund or for a particular purpose). The Church will accept gifts restricted by the donor for special use if the special use is consistent with the mission and plans of the Church. The Church reserves the right to refuse a restricted gift deemed unusable or impractical by the Church Board of Trustees. The donor’s restrictions should be established in writing and acknowledged by the Church. Donors should be encouraged to include provisions for changing circumstances. Where it is anticipated that the Church will receive gifts that may be restricted or of a non-cash equivalent, the Church will exercise due diligence in establishing a relationship with potential donors (who are known to the Church) to determine and evaluate the donor’s motives for making a gift.

Unless directed by the Church Board of Trustees, no gift will be accepted which carries a requirement of the Church to hold it in perpetuity. Additionally, no gift will be accepted that produces a net outflow of Church funds or that requires extraordinary measures for disposition unless approved by the Church Board of Trustees.

The Church staff and trustees cannot benefit personally from fees related to gifts received. The Church staff and trustees cannot participate in any activity which could be deemed a conflict of interest. Further, the Church staff and trustees shall not pay a finder’s fee or other private inurements to anyone as a result of such person’s involvement in acquiring gifts for the Church. To ensure a donor’s desires are accomplished where the Church is aware of a donor’s desire to make a gift, all efforts should be made to solidify those desires through meetings and encouraging the donor to execute appropriate documentation, including but not limited to the writing of the donor’s desires in appropriate testamentary documentation. All prospective donors shall be advised to seek their own counsel in any and all aspects of their proposed gift. If necessary, the Church will assist donor to secure counsel.

I. Gift Properties that Church Will Accept:

As a general policy, the Church intends to accept any property given by a donor; however, the Church will review the property given by its donors and, where appropriate, the Church will decide as to whether it will accept or reject gifted property that does not meet the overall goals of the Church and will reject any property it determines is unacceptable to the Church or negatively affects its commitments to its purposes. Appraisal costs necessary for the donor’s tax purposes for any gift will be borne by the donor.

The following types of property may be accepted by the Church and may be further described or limited as provided below this listing:

- A. cash;
- B. tangible personal property;
- C. real estate;
- D. publicly traded securities;
- E. closely-held stocks;
- F. life insurance;
- G. retirement plan/IRA benefits or proceeds; and,
- H. other property if specifically approved by the Board of Trustees or its designee.

Real Property: The Church acknowledges that acceptance of real property must be evaluated on a case by case basis and, as a result, special policies will apply to determining whether or not a gift of real property will be accepted. The following steps should be taken before accepting the gift of any real property:

1. personal inspection of the real property by an appropriate Church staff member;
2. the Church and the donor have reached an understanding as to the valuation of the property;
3. an assessment of the effect of debt, insurance, homeowners' association fees, and other carrying costs on the advisability of accepting the gift; and
4. determination of the existence of other liabilities that might attach to the property, especially environmental liabilities. The policy of the Church is to minimize and, when possible, avoid environmental liability arising from the ownership or control of property or property interests by taking reasonably appropriate action to determine the extent of any environmental contamination prior to taking ownership or control of the property. Appropriate actions will include an environmental audit, consisting of inspections and assessments of the property that will be tailored to meet the specific characteristics of the property. The Church will determine the acceptability of the gift of real property based upon the results of the audit. The Church cannot accept a gift of real property prior to completion of the environmental audit. (See Attachment One - Recommended Procedures for Acceptance of Real Property)

The Board of Trustees may reject a gift of real property solely upon the determination of the costs to the Church for environmental or other inspections.

Gifts of Collectibles or Works of Art: Gifts of collectibles, works of art, etc. (those items which are not routinely used) will not be accepted or used in the Church's facilities unless either appropriate staff specifically request them or the Board of Trustees approves them and the Church fund expenditures are not required to accept or maintain the gift.

Closely Held Stock: All gifts of closely held stock must receive the prior approval of the Church Board of Trustees. In determining whether to accept the gift of closely held stock, the Board of Trustees

must determine whether the stock has a readily determinable market value and whether the stock may be easily disposed of, i.e. to a third party or redeemed by the closely held business.

Life Insurance: The Church should not accept any insurance policy where the intent of the donor is for the Church to pay future premium payments unless specifically approved, on a case by case basis, by the Board of Trustees.

II. Gift Vehicles that the Church Will Accept:

As a general policy, the Church intends to accept any type of gift made by a donor; however, the Church will review the gifts of its donors and, where appropriate, the Church will decide as to whether it will accept or reject gifts that do not meet the overall goals of the Church or in any way jeopardize the charitable status of the Church or its commitments to its purposes.

Gift vehicles the Church anticipates that it will accept may be of the following types:

- A. Testamentary (wills, testamentary trusts or trusts that become effective upon death) gifts.
- B. Outright (not in trust) lifetime gifts.
- C. Charitable Remainder Trusts (see Attachment Two for description).
- D. Remainder interest in home or farm.
- E. Charitable Lead Trusts (see Attachment Two for description).
- F. Beneficiary designation gift.

The Church does not intend to currently offer Charitable Gift Annuities (see Attachment Two for description).

Church as Trustee: The Church will evaluate, on a case by case basis, whether it will serve as trustee for a Charitable Remainder Trust or Charitable Lead Trust. Under Section 22.231 of the Texas Business Organizations Code, before the Church may serve as trustee, the Church must be a beneficiary of the trust or the trust must benefit another charitable organization, if the service by the Church as trustee is in furtherance of the purposes for which the Church is formed. A commercial bank or other institutional trustee may be retained as agent for the Church for record keeping, tax reporting, etc. The trust should bear any agent's fees.

Attachment One

CHURCH RECOMMENDED PROCEDURES FOR ACCEPTANCE OF REAL PROPERTY

The Church acknowledges that acceptance of a gift of real property may be appropriate. Accordingly, the following procedures have been developed to assist the Board of Trustees and staff members in assessing the acceptability of a gift of real property, including the environmental liabilities of the real property. Although not all procedures must always be followed, the following is a list that may be used to assist the Board of Trustees and the staff members in making a decision to acceptance or reject a gift of real property:

- I. Upon contact from a prospective donor, the Church should request to borrow or obtain the following information concerning the property from the prospective donor:
 - A. Abstracts of title, proof of ownership (copy of deed or other instrument, such as a probated will or judicial determination of heirship), and legal description of the property.
 - B. Information about the donor's cost basis in the property and any improvements.
 - C. The most recent appraisal on the property, including a breakdown showing the value of the land versus the value of any improvements located on the property, the name and credentials of the appraiser, and the current fair market value of the property. Attach IRS Form 8283 if the value of the property exceeds \$5,000.
 - D. Tax receipts or other proof of payment of ad valorem taxes, as well as receipts for association fees, if any.
 - E. Map showing the location of the property, as well as a survey of the property if reasonably available to the proposed donor.
 - F. List of improvements located on the property, including information on any property subject to depreciation recapture.
 - G. Copies of current leases, if any, and information about any tenants, including their use of the property.
 - H. List on encumbrances or liens, if any, together with information concerning the nature of the encumbrance or lien, the remaining term of any mortgage, the name of the mortgage holder, the interest rate, and copy of any notes, deeds of trusts and other documents describing the encumbrance or lien.
 - I. Copy of restrictions and easements if any are not contained in the original warranty deed.
 - J. Information about the current zoning of the property and any proposed or pending changes in zoning known to the donor.
 - K. Commitment for title insurance.

- L. A copy of any environmental survey, study, or assessment conducted by the donor or in the possession of the donor if conducted by a prior owner of the property.
- M. A written statement from the donor identifying any known waste disposal sites or spills of hazardous waste material on the property, or a statement to the contrary if the donor is unaware of any waste disposal sites or spills of hazardous waste material on the property after reasonable inquiry.
- N. The proposed date of the transfer of the property to the Church.

II. Once the donor has supplied the information and materials listed above, the Church should establish an environmental audit file for the property and schedule the following activities:

A Church staff person reviews the title information supplied by the donor and may need to visit the county in which the property is located in order to review public records to determine a list of owners of records, as well as recorded leases, back to the time the property was first developed.

- A. Review the Environmental Questionnaire completed by the donor to determine in specific areas in which to target an on-site inspection.

- B. A Church employee or agent performs a site survey inspection based upon the type of property:

- 1. Level I - Thorough Site Survey

- a. The investigator should physically walk over as much of the property as possible, looking for and noting the location of the presence of any of the following:

- 1) Any depressions.
- 2) Protruding pipes.
- 3) Bare spots or signs of any type of chemical spill.
- 4) Concrete caps or partially buried structures.
- 5) Water wells.
- 6) Discolored or darkened soil.
- 7) Chemical odors.
- 8) Hydrocarbon slick on ponds, tanks, or waterways.
- 9) Underground sumps.
- 10) Storage drums.
- 11) Discoloration of pavement, especially near storm drains.

- 12) Piles of waste or trash.
 - 13) Surface impoundments (i.e. pits, ponds, tanks, and lagoons).
 - 14) Dead or dying vegetation.
 - 15) Pesticide/petroleum products residues.
 - 16) Building components or adjacent facilities containing PCB's.
- b. Contact the Texas Commission on Environmental Quality ("TCEQ") district office and request any information concerning complaints or past enforcement actions.
 - c. Contact the local health department and request the same information.
 - d. Contact the electric utility and inquire about past transformer spills on the property.
 - e. Review title abstract information for insight on past activities on the property.
 - f. Determine if rainwater runoff from nearby industrial or municipal operations could have a negative effect on the property.
 - g. Determine the flood plain status of the property (50 or 100 year event).
- 2 Level II - Site Survey When Buildings or Building Components Are Present
- a. Perform all Level I actions.
 - b. Examine all structures on the property, including crawl spaces and basements.
 - c. Determine if any of the structures contain asbestos materials:
 - 1) Fireproof steel
 - 2) Acoustical insulation
 - 3) Floor tile
 - 4) Plaster or lath
 - 5) Thermal insulation, including external and internal plumbing and piping, ducts, plenums, and boots

- 6) Electrical insulation, electrical panels, and duct penetrations
 - 7) Miscellaneous, including asbestos sealing building openings or the demolition of non-friable material
 - d. Determine whether the donor or a previous owner has performed any asbestos abatement in the past; if so, examine the reports and records.
 - e. Examine garages and storage areas for hazardous materials, such as pesticides, solvents, and paints.
 - f. Make inside visual checks to determine if indoor air quality problems may exist. Take air samples, if required, to insure OSHA permissive levels are not exceeded.
3. Level III - Site Survey for Heavy Industry
- a. Perform all Level I and Level II actions.
 - b. Review topographic maps to determine path of all rain water runoff routes.
 - c. Determine the types of hazardous materials that are currently used or that were previously used in day-to-day operations and activities.
 - d. Determine the integrity of above-ground storage tanks:
 - 1) Ensure no visual evidence of leaks is present.
 - 2) Examine tank registration documents.
 - e. Determine whether underground storage tanks exist on the property. If underground storage tanks are on the property:
 - 1) Examine underground storage tank registration documents.
 - 2) Audit inventory data to gain an insight on possible leaks.
 - 3) Request current property owner to provide site plans or as-built drawings that describe each underground storage tank and associated piping, electrical connections, and ground water monitor wells.
 - 4) Determine underground storage tank and associated piping construction materials (bare steel, fiberglass coated steel, fiberglass, single or double wall).
 - 5) Determine the age of the underground storage tanks.

- 6) Examine tank tightness testing records.
 - 7) Examine any records pertaining to soil sample and groundwater analysis performed by the donor (including through any outside consulting firms) and local, state, or federal agencies.
- f. Determine the hazardous waste generator status. If hazardous waste is or has been generated:
- 1) Examine hazardous waste shipping manifests and water disposal certificates.
 - 2) Examine TCEQ annual inspection records.
 - 3) Determine past waste disposal contractors and investigate their compliance record with state and federal agencies,
 - 4) Examine hazardous waste accumulation site(s).
- g. Determine radiological and infectious waste generator status.
- 1) Determine what radioisotopes were used on the property.
 - 2) Determine what types of infectious wastes were generated on the property.
 - 3) Perform radiological surveys, if appropriate.
- h. Determine if the proposed gift deed clearly spells out what waste materials will remain in the hands of the donor.
- i. Determine the status of any wastewater discharge permits.
- j. Determine the status of past hazardous material spills or leaks. If spills have occurred:
- 1) Examine pre- and post-incident spill reports from regulatory agencies.
 - 2) Insure contamination levels have been reduced to background.
 - 3) Examine any analytical reports from outside laboratories or consulting firms.
- k. Determine if the donor required to comply with OSHA Hazard Communication Standard “employee right to know” laws. If so:
- 1) Examine past annual training records.

- 2) Contact local or regional OSHA office and determine the status of any violations or enforcement actions.
- I. Determine whether or not the property is on the RCRA “Super Fund” list.
 - m. Determine whether or not waste surface impoundments or landfills are located on the property,
 - n. Examine any pollution control equipment.
 - o. Examine past reports if donor has complied with SARA Title III chemical inventory reporting requirements.
 - p. Examine past reports if donor is required to submit SARA Title III Form “R” wastewater and air emission reports.
 - q. Contact Texas Air Control Board for past compliance reports.
 - r. Consider contracting with an environmental consulting firm for analysis of the following:
 - 1) Soil samples in areas of past chemical spills or leaks.
 - 2) Groundwater samples.
 - 3) Stack emission levels.

Attachment Two

CHURCH DESCRIPTIONS OF CERTAIN GIFT VEHICLES

Charitable Remainder Trust.

A gift vehicle whereby a donor transfers cash or other property to a trust during donor's life or at donor's death. The trust instrument provides that periodic payments, no less than on an annual basis, are paid by the trustee of the trust to a non-charitable beneficiary (often the donor or donor's spouse) for the beneficiary's life or a term of years not to exceed 20 years. The remainder interest of the trust will be distributed to the Church at the end of the trust term.

There are two types of Charitable Remainder Trusts:

1. Charitable Remainder Annuity Trust (CRAT): A CRAT provides that the periodic payment is a fixed dollar amount or fixed percentage or fraction of the initial fair market value of the assets transferred into a CRAT. No additional gifts may be made to the CRAT after its creation.
2. Charitable Remainder Unitrust (CRUT): A CRUT provides that the periodic payment is a fixed percentage or fraction of the fair market value of the trust assets computed annually.

There are four types. of CRUTs:

- a. Fixed Percentage Trust - the periodic payment is the fixed percentage or fraction of the trust assets that is distributed annually to the non-charitable beneficiary;
- b. Net Income Unitrust (Lesser of Income or Fixed Percentage without Make-Up) ("NICRUT") - - the periodic payment is the fixed percentage or fraction of the trust assets or the trust annual income, whichever is less, that is distributed annually to the non-charitable beneficiary;
- c. Net Income Unitrust with Make-up ("NIMCRUT") - the periodic payment is the same as 2.b. above, plus annual income that is in excess of the fixed percentage or fraction of the trust assets for the year but not in excess of the amount by which prior year's cumulative income is less than the fixed percentage or fraction amounts for prior years; and
- d. FLIP Unitrust - the initial unitrust amount to the recipient is the lesser of the income or the fixed percentage and after a triggering event, the unitrust amount changes (i.e. flips) to the fixed percentage.

Charitable Gift Annuities.

A Charitable Gift Annuity is an arrangement whereby, in exchange for a gift of cash or other property, the charity will contractually agree to pay one or two designated annuity beneficiaries a fixed amount every year for the rest of the beneficiary(ies) life. Under the laws of the state of Texas such annuity must be qualified charitable gift annuity under Article 1.14-1A of the Texas Insurance Code. When entering into an agreement for a qualified charitable gift annuity, the charity shall disclose to the donor in writing in the annuity agreement that the qualified charitable gift annuity is not insurance under the laws of the state of Texas and is not subject to regulation by the Texas Department of Insurance or protected by a guaranty association affiliated with the Department of Insurance (language must be disclosed in a separate

paragraph). Before a charity issues its first qualified charitable gift annuity in Texas, it must send a notice to the Texas Department of Insurance which must set forth certain items listed under Art. 1.14-IA of the Texas Insurance Code. The charity must also have a minimum of \$100,000 in unrestricted cash equivalents, or publicly traded securities, exclusive of assets funding the annuity agreement before it can issue a qualified charitable gift annuity.

Charitable Lead Trust.

A gift vehicle whereby a donor transfers cash or other property to a trust during donor's life or at donor's death. The trust will make periodic payments, not less than annually, to the Church during the life or lives of one or more individuals or for a term of years. The remainder interest of the trust will be distributed to non-charitable beneficiary(ies), including the donor, members of the donor's family, or trusts for such persons at the end of the trust term.

There are two types of Charitable Lead Trusts:

1. Charitable Lead Annuity Trust (CLAT): A CLAT provides that the periodic payment is a fixed dollar amount or fixed percentage or fraction of the initial fair market value of the assets transferred into the CLAT. No additional gifts may be made to the CLAT after its creation. A CLAT may be either a grantor CLAT or a non-grantor CLAT. A gift to a grantor CLAT is income tax deductible (subject to the charitable deduction limitations of the Code) to the donor in the year of the gift (with a 5 year carryover). The income of a grantor CLAT is, however, taxable to the donor during the term of the CLAT without a corresponding charitable income tax deduction to the donor. On the other hand, a gift to a non-grantor CLAT is not income tax deductible in the year of the gift, however, the annual income during the term of the CLAT is not taxable to the donor. Furthermore, to the extent the CLAT income is paid to the Church, the payment will be income tax deductible to the CLAT as a charitable gift.

2. Charitable Lead Unitrust (CLUT): A CLUT provides that the periodic payment is a fixed percentage or fraction of the fair market value of the trust assets computed annually. Similar to a CLAT, a CLUT may be either a grantor CLUT or a non-grantor CLUT. The taxation rules regarding deductibility and income inclusion set forth above also apply to a grantor CLUT and a non-grantor CLUT.

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ATTACHMENT 8

Sample Confidentiality Policies

Confidentiality Policy (Version 1)

It is the policy of NONPROFIT ORGANIZATION that board members and employees of NONPROFIT ORGANIZATION may not disclose, divulge, or make accessible confidential information belonging to or obtained through their affiliation with NONPROFIT ORGANIZATION to any person, including relatives, friends and business and professional associates, other than to persons who have a legitimate need for such information and to whom NONPROFIT ORGANIZATION has authorized disclosure. Board members and employees shall use confidential information solely for the purpose of performing services as a board member or employee for NONPROFIT ORGANIZATION. This policy is not intended to prevent disclosure where disclosure is required by law.

Board members and employees must exercise good judgment and care at all times to avoid unauthorized or improper disclosures of confidential information. Conversations in public places, such as restaurants, elevators, and airplanes, should be limited to matters that do not pertain to information of a sensitive or confidential nature. In addition, board members and employees should be sensitive to the risk of inadvertent disclosure and should, for example, refrain from leaving confidential information on desks or otherwise in plain view and refrain from the use of speakerphones to discuss confidential information if the conversation could be heard by unauthorized persons.

At the end of a board member's term in office or upon the termination of an employee's employment, he or she shall return, at the request of NONPROFIT ORGANIZATION, all documents, papers, and other materials, regardless of medium, that may contain or be derived from confidential information in his or her possession.

Confidentiality Policy for Employees, Volunteers and Board Members (Version 2)

Respecting the privacy of the clients, donors, staff and volunteers of ABC Nonprofit is a basic value of ABC Nonprofit. Personal and financial information is confidential and should not be disclosed or discussed with anyone without permission or authorization from the CEO. In the course of doing business on behalf of ABC Nonprofit, it is important that each employee, volunteer and Board member be careful to prevent unauthorized individuals from hearing any confidential information and that documents containing confidential information are not left where unauthorized persons could have access to such information.

Employees, volunteers and board members of ABC Nonprofit may be exposed to information which is confidential and/or proprietary in nature. It is ABC Nonprofit's policy that such information must be kept confidential both during and after employment or volunteer or board service of all individuals. Staff, volunteers, and board members are expected to return materials containing confidential information at the time of separation from employment or expiration of service.

**Nonprofit Governance
Policies and Procedures Revisited:
Trends, Developments, and More**

ATTACHMENT 9

Sample Investment Policy Statements

_____ Foundation
Investment Policy Statement
(Version 1)

The purpose of this Investment Policy Statement (“IPS”) is to provide Investment Direction from the _____ Foundation (the “Foundation”) to the Foundation’s Investment Counsel, which term shall include Investment Counsel and Investment Managers as used herein.

Furthermore, the IPS will establish a clear understanding among the Foundation Board of Directors (the “Board”), the Investment Committee (the “Committee”) of the Board, the Investment Consultant¹ and Investment Counsel² as to (i) Investment Direction,³ and (ii) the relative roles, responsibility and authority of the Board, the Committee, the Investment Consultant and Investment Counsel in pursuing these objectives and implementing these policies with respect to the _____ Fund (the “Fund”).

This IPS will:

- Articulate a broad investment philosophy and broad investment objectives;
- Describe broad guidelines for implementing the investment philosophy and pursuing investment objectives, with reference to:
 - Target rate of return.
 - Risk tolerance.
 - Investment time horizon.
 - Permitted and minimum number of asset categories.
 - Liquidity and marketability of assets.
- Define the relative roles and responsibilities of the Board, the Committee, the Investment Consultant and Investment Counsel in implementing this IPS.

More specific guidance regarding the implementation of this IPS is included in the attached Appendix, which is incorporated herein by reference.

¹ Unless otherwise determined by the Board of Directors upon the recommendation of the Investment Committee, the Foundation shall engage an investment consultant (the “Investment Consultant”) to assist the Foundation in formulating investment strategies and goals and reviewing the performance of Investment Counsel, as described in more detail herein.

² “Investment Counsel” shall mean the national or state banking associations, or other persons, trusts, firms or corporations that the Foundation may from time to time engage to invest, manage and operate, or to furnish advice and counsel to assist the Foundation in the investment, management and operation of all or a portion of the assets and properties from time to time comprising the Fund.

³ “Investment Directions” shall mean the Investment Quality Standards and Investment Objectives and Strategies, if any, and the investment guidelines and principles that the Foundation may from time to time adopt pertaining to the Fund, and the investment instructions and directions that it may from time to time transmit to Investment Counsel.

INVESTMENT PHILOSOPHY

Successful investing incorporates a clear and realistic perspective on both (a) the investor's tolerance for risk and appetite for return, and (b) the risks and returns associated with the various investment options available in the financial markets.

Through a focus on these issues, along with professional guidance, the Foundation should attain a perspective that is sufficiently clear and reasonable to devise and implement an investment approach that will yield satisfactory results over the specified investment horizon.

RETURN OBJECTIVES

The Foundation has adopted a total return policy. Consequently, the investment objective is: 1) to preserve purchasing power of the Foundation's assets held in the Fund, and 2) provide for growth in Fund assets in real terms consistent with the Board's tolerance for volatility in returns over shorter time spans.

A secondary yet significant objective is to provide a stable and predictable pattern of distributions to support the operations of _____.

Specifically, the Fund's assets should generate: 1) a compound annual rate of return in excess of the compound annual rate of increase in the Consumer Price Index over the Fund's investment horizon; 2) a return commensurate with the level of risk undertaken; and 3) a return in excess of competitive benchmark returns.

RISK TOLERANCE

Sharp fluctuations in the value of the Fund's investments over periods of time shorter than the investment horizon (e.g., one, two or three years) may be cause for concern. At the same time, objectives for the Fund's returns over the Fund's investment horizon may require an investment approach that subjects returns to short-term volatility.

Portfolio risk may be reduced through diversification, and the inclusion of asset classes and specific investments with less highly correlated returns in the portfolio is desirable.

TIME HORIZON

For the purposes of planning, the time horizon over which the return objective is to be evaluated is a full market cycle. This assumption is predicated on a continuation of the Foundation's current mission, and any change to this mission could result in a re-assessment of the time horizon.

For purposes of evaluation, the Committee will report on the Fund's investments to the Board semi-annually, and the Committee will monitor the Fund as needed and as discussed in greater detail below.

It is recognized that all asset categories, asset sub-categories and investment managers go through cycles, and there will regularly be quarters, and often longer periods of time, when the Fund's investment objectives are not met or when asset categories, asset sub-categories or investment managers fail to perform as anticipated. In light of this inherent cyclicity, the Committee will exercise patience and a judicious approach to potential changes to benchmarks for risk tolerance, to

target allocations to asset categories and asset sub-categories, and to the choice of Investment Counsel.

PERMITTED ASSET CATEGORIES

Investment of the Fund's assets shall be limited to individual marketable securities and pooled or co-mingled investment vehicles (for example, closed-end and open-end mutual funds, exchange-traded funds, common and collective trust funds, unit investment trusts, or partnerships) that invest in assets in any of the following categories⁴:

- Cash/cash-equivalents, including deposits at any federally insured member financial institution; time deposits of any federally insured member financial institution with maturities not more than 24 months; and U.S. Treasury and U.S. Government Agency securities with maturities not more than 24 months.
- Fixed income securities, including bonds issued by the U.S. Government or its Agencies; corporate bonds, both investment grade and non-investment grade; foreign bonds; inflation-protected bonds; and mortgage-backed bonds;
- Stocks, including large-capitalization U.S. stocks; mid-capitalization U.S. stocks; small-capitalization U.S. stocks; and foreign stocks;
- Other assets, including real estate, or securities issued by companies whose primary assets are real estate or real estate related, commodities and gold; and
- Alternative assets or strategies generally intended to produce returns with an unusually favorable risk/return trade-off, or returns that are not highly correlated with those of other asset classes as long as concerns over liquidity of assets owned in these vehicles are minimal.

Each of these categories shall be assigned to one of the following asset classes: 1) Relative Return Strategy (for strategies that track market benchmarks), 2) Absolute Return Strategy (for strategies that target a specific rate of return), or 3) Multi-Class Strategy (for strategies that represent a combination of Relative Return Strategies and Absolute Return Strategies).

MINIMUM NUMBER OF ASSET CATEGORIES

At all times, and notwithstanding asset classes, there will be a minimum of three (3) asset categories represented within the Fund's investments.

ANTICIPATED DISTRIBUTION RATE

Consistent with the Total Return Policy, the Committee anticipates annual distributions from the Fund to the _____ in amounts up to ___% of the Average Value of the Fund.

⁴ It is recognized that the Foundation owns assets that are not within the permitted asset categories. While such assets shall be monitored with respect to their value relative to the value of the Fund, these assets are not otherwise subject to this IPS.

The Foundation has received, and may continue to receive from time to time, certain gifts from donors that are subject to restrictions or conditions that conflict with a total return policy. The investment performance of the assets comprising any such gifts (“Donor Restricted Assets”) shall be tracked separately, and the restrictions on such gifts shall be tracked and observed when distributions are made to the _____.

MARKETABILITY OF ASSETS

To meet anticipated distributions, a sufficient level of the Fund’s assets will be held in the form of readily marketable instruments, with these being instruments which can be sold and settled within a timely period.

BOARD RESPONSIBILITY AND AUTHORITY

The Board will have responsibility and authority to:

- Approve this IPS and any changes, modifications, or amendments hereto, including changes to the target asset allocation ranges;
- Appoint members to the Committee, and if necessary remove members from the Committee;
- Approve selection or termination of custodians, the Investment Consultant and Investment Counsel; and
- Approve the annual distribution rate.

COMMITTEE RESPONSIBILITY AND AUTHORITY

The Committee will have responsibility and authority to:

- Review and report to the Board at least semi-annually on the investment performance of the Fund, and on changes in the Fund’s investment allocation during the immediately preceding calendar year.
- Review and recommend to the Board selection or termination of the Investment Consultant and Investment Counsel.
- Review periodic reports from the Investment Consultant on the investment performance of the Fund, and on changes in the Fund’s investment allocation during the immediately preceding calendar quarter, and consult with the Investment Consultant regarding such reports and changes.
- Approve recommendations from custodians and Investment Counsel regarding the Fund’s assets.
- Approve recommendations for specific asset allocation targets within the asset allocation ranges approved by the Board as part of this IPS.

- Review and recommend to the Board a specific distribution rate from the Fund for each fiscal year.
- Review and recommend to the Board for approval this IPS and any changes, modifications or amendments hereto, including changes to the target asset allocation ranges.

INVESTMENT CONSULTANT RESPONSIBILITY AND AUTHORITY

The Investment Consultant will have responsibility and authority to:

- Recommend to the Committee changes, modifications or amendments to this IPS, including changes to the target asset allocation ranges.
- Recommend to the Committee the engagement, and, if necessary, removal, of custodians and Investment Counsel for the Fund’s assets.
- Recommend to the Committee specific asset allocation targets within the asset allocation ranges approved by the Board as part of this IPS.
- Monitor and report to the Committee on the compliance of Investment Counsel with the provisions of this IPS in managing the Fund’s investments.
- Report to the Committee on the investment performance of the Fund, and on changes in the Fund’s investment positions during the immediately preceding calendar period for which custodial reports are available.

* * * * *

The undersigned, being the duly elected and qualified Secretary of the Foundation, hereby certifies that the foregoing Investment Policy Statement was duly adopted by the Board of Directors of the Foundation at a meeting held on _____, _____, at which a quorum was present and voting throughout.

 _____, Secretary
 _____ Foundation

Appendix to Investment Policy Statement

INTRODUCTION

This Appendix expands upon the topics covered in the attached IPS. It provides more detailed guidance to the Committee, Investment Consultant and Investment Counsel with regard to important investment issues.

DESIGNATION OF INVESTMENT CONSULTANT

As noted in the body of the IPS, the Board shall designate an Investment Consultant to assist the Board and the Committee in carrying out their responsibilities and exercising their authority under this IPS. The Investment Consultant shall be available to assist the Board and the Committee, at their request, in the formulation and periodic review of this IPS, in the implementation of the IPS through the recommendation of specific investments and Investment Counsel, and in the evaluation of the investment policy implementation by providing reports as requested on the portfolio's composition, risk, and returns.

DUE DILIGENCE IN SELECTING THE INVESTMENT COUNSEL

The Board and Committee seek to retain Investment Counsel that is competent and well-suited to help the Board and the Committee as needed in the context of this IPS. In recommending or approving the selection or termination of Investment Counsel, the Committee shall consider the following:

- The education and experience of the Investment Counsel's principal or principals, including any experience in working with charitable organizations such as the Foundation;
- The longevity and stability of the Investment Counsel's business;
- Recommendations from the Investment Counsel's clients or others who are familiar with the work of the Investment Counsel and its principal(s);
- The compatibility of the Investment Counsel's investment philosophy and approach with those outlined in this IPS;
- The long-term record of the Fund's portfolio, or of portfolios constructed by the Investment Counsel for other of its clients and similar to that which the Fund might employ; and
- The overall cost of investing with the Investment Counsel, including both the Investment Counsel's fees and the fees and costs associated with using the underlying vehicles and custodian recommended by the Investment Counsel.

ASSET ALLOCATION

The Fund's assets shall be allocated within the parameters shown in the attached Exhibit 1 to this Appendix. Such parameters may be changed from time to time by the Board, acting upon the recommendation of the Committee, which shall obtain input from the Investment Consultant. In making any such recommendations, the Committee shall assess tolerance for risk and appetite for return. In determining the risks and returns associated with various investment options available in the capital markets, the Committee shall periodically review historical data regarding the returns, and variability of returns, of various market indices.

REBALANCING PROCEDURES

The Committee shall develop appropriate rebalancing procedures in consultation with the Investment Consultant.

ADJUSTMENTS IN THE TARGET ASSET ALLOCATION RANGES

The approved asset allocation in Exhibit 1 indicates an acceptable range for each asset class. From time to time, based on changes in the Fund's objectives, changes in the economy and capital markets, and changes in the relative attractiveness of investment opportunities as perceived by the Committee, the Committee may recommend to the Board changes in these ranges. The Board will then review these changes and, if appropriate, approve them. These changes will be duly recorded in the minutes of the Board meetings in which they are approved. Since the acceptable ranges are quite broad, it is anticipated these changes would be made quite rarely, if at all.

SELECTION CRITERIA FOR INVESTMENT VEHICLES AND CUSTODIANS

The Committee shall develop appropriate selection criteria for investment vehicles and custodians in consultation with the Investment Consultant.

MONITORING INVESTMENT RESULTS

The Committee shall maintain open communication with the Investment Consultant. The focus of these exchanges will be on understanding the Investment Consultant's expectations for the economy and capital markets and how these are reflected in the portfolio. A necessary part of the communication process is the evaluation of the progress of the portfolio, and to this end, investment results will be reviewed quarterly by the Foundation's Treasurer or the Treasurer's designee.

Investment results of the total portfolio will be evaluated against the several goals and objectives enumerated in this IPS and against expected results over time.

Investment results of each of the asset categories and classes in which the assets of the Fund are invested will be compared with the appropriate market benchmarks and, if applicable, peer group results. In addition, factors such as consistent application of investment philosophy, organizational stability, and continuity of personnel managing portfolios will be monitored on a continuing basis.

PORTFOLIO AND MANAGER REVIEWS

The Investment Consultant will be expected to meet with the Committee periodically to review the investment outlook, structure of the Fund's portfolio, and past results. In these meetings, the Investment Consultant should address:

- Review of the investment results achieved over recent and longer term periods, including results of the various Investment Counsel and periodic presentations by the various Investment Counsel;
- The current outlook for the economy and capital markets over the next 6-12 months; and
- A review of this IPS with reference to any issues that may constrain the Investment Consultant's abilities to fully reflect the Fund's expectations or policies.

The Committee shall convene as required, either in person or via telephone or e-mail, to review the investment strategy and investment performance.

**Appendix
to
Investment Policy Statement**

EXHIBIT 1

Asset Class	Target Asset Allocation Range
Relative Return Strategies	40 – 50%
Absolute Return Strategies	40 – 50%
Multi-Class Strategies	0 – 20%
TOTAL	100%

STATEMENT OF INVESTMENT POLICY

(Version 2)

Overview

The purpose of this Investment Policy statement is to guide _____ (“Corporation”)’s trustees, officers and agents in fulfilling their responsibilities in effectively planning, overseeing, and investing the Corporation’s endowment assets (the “Fund”). This Investment Policy is not intended to be an exclusive or comprehensive guide. This document does not include all rights, duties and liabilities of the Board of Trustees of the Corporation (“Board” or “Trustees”) and of the Committee members who govern the Fund. This policy is intended to specifically define the investment objectives of the Corporation. In carrying out their duties to prudently manage and invest the Fund, Trustees and Committee members shall abide by the laws of Texas, including the Texas Uniform Prudent Management of Institutional Funds Act. No part of this Policy is intended to supersede Texas law regarding investment and management of the Fund. Whenever a change to this Investment Policy is contemplated or proposed, the Trustees and the Committee members, as applicable, shall seek the advice of legal counsel regarding the legal implications of such proposed change

Purpose

The Policy aims to create the framework to serve two goals: (1) retention of assets and (2) asset growth accompanied by appropriate levels of risk for a tax-exempt organization, in the context of the Corporation’s overall purpose.

Statement of Responsibility

The Board of the Corporation has adopted these policies and is to form an Investment Committee, to whom it will delegate authority to supervise Corporation investments. The Board reserves to itself the exclusive right to amend or revise these policies. The Investment Committee is comprised of the President, _____ board members, and _____ non-board member(s), who serve at the pleasure of the Board.

The Board and Committee members have overall fiduciary responsibility to ensure that the Fund is invested prudently. Investment decisions must be approved by the Board in conformity with its goals and objectives. The responsibilities are defined below.

Board:

1. Establish and approve the Statement of Investment Policy for the Fund.
2. Provide final approval for the various investment vehicles and asset classes as may be recommended by the Investment Committee.
3. Approve engagement and terminate contracts of investment managers, consultants and custodians.
4. On an annual basis, as part of a regularly scheduled Board meeting, the Investment Policy will be reviewed.

Investment Committee:

1. Apply investment policies, guidelines and objectives contained in the Statement of Investment Policy.
2. Recommend any changes to the Investment Policy to the Board.
3. Recommend to the Board the selection and change of any financial advisor, investment manager, or custodian to be retained by the Corporation.
4. Recommend to the Board the allocation of funds among asset classes and investment styles in conformity with Investment Policies and various Investment Pools.
6. Review the investment results to ensure that objectives are being met.

Staff:

1. Responsible for ensuring that the directions of the Board are followed and that all applicable policies and procedures regarding investments of the Corporation are observed.
2. Responsible for regular notification to the Board of the current status of the Fund.
3. Responsible for periodic review of compliance with this policy and reporting their review to the Committee.

Duties in Investing Fund

The Board and Committee members shall have the following duties with respect to managing and investing the Fund:

1. To manage and invest the Fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. If a person has special skills or expertise related to managing and investing funds, he or she must use those skills or that expertise in managing the Fund;
2. To manage and invest the Fund solely for the benefit of the Corporation, and not for his or her own personal interest;
3. To only incur costs that are reasonable in relation to a Fund's assets, the purposes of the Corporation, and the skills available to the Corporation;
4. To verify facts relevant to the management and investment of the Fund;
5. To diversify the investments of a Fund unless special circumstances exist in which the purposes of the Fund are better served without diversification;
6. To determine within a reasonable time after receiving property whether to retain or dispose of the property in order to balance the portfolio and maintain compliance with the purposes of the particular Fund.

If there is any doubt as to whether a decision to manage or invest the Fund in a particular manner may violate any of the duties set forth above, the Board, Trustees and/or Committee members, as applicable, shall seek the advice of legal counsel before making such decision. In addition, in order to comply with these duties, the Board shall hire an outside investment advisor in accordance with the procedures set forth herein.

Factors to Consider in Making Investment Decisions

The Board, Trustees and Committee members shall consider the following circumstances in managing and investing the Fund to the extent such factors are relevant:

1. General economic conditions;
2. Possible effects of inflation or deflation;
3. Expected tax consequences of investment decisions or strategies;
4. The role that each investment or course of action plays within the overall trust portfolio, which may include financial assets, interests in closely held enterprises, tangible and intangible personal property, and real property;
5. The expected total return from income and the appreciation of capital; and
6. Needs for liquidity, regularity of income and preservation or appreciation of capital.

These factors do not comprise an exclusive list and should be evaluated in light of the purposes, terms, distribution requirements and other circumstances of the Fund.

Investment Consultant, Advisors, and Agents

The Committee is specifically authorized to retain one or more investment advisors (advisors) as well as any administrators, custodians, or other investment service providers required for the proper management of Corporation's funds. The Committee may utilize an advisor as an investment consultant (consultant) to advise and assist the committee in the discharge of its duties and responsibilities. In that regard, a consultant may help the Committee to

1. Develop and maintain investment policy, asset allocation strategies, risk-based fund objectives, and appropriate investment management structures;
2. Select, monitor, and evaluate investment advisors and/or investment entities;
3. Provide and/or review quarterly performance measurement reports and assist the Committee in interpreting the results;
4. Review portfolios and recommend actions, as needed, to maintain proper asset allocations and investment strategies for the objectives of each fund; and,
5. Execute such other duties as may be mutually agreed.

In discharging this authority, the Committee can act in the place and stead of the Board and may receive reports from, pay compensation to, enter into agreements with, and delegate discretionary investment authority to such advisors. When delegating discretionary investment authority to one or more advisors, the Committee will establish and follow appropriate procedures for selecting such advisors and for conveying to each the scope of their authority, the organization's expectations, and the requirement of full compliance with these policies.

Should investment managers be utilized, each manager shall have full discretion with respect to investment decisions; these decisions will be made in conformance with agreements entered into with each investment manager. Portfolio guidelines, investment objectives, and portfolio performance are to be determined and measured on a case-by case basis. The voting of proxies will be the responsibility of the investment manager and must be done in a prudent manner. Investment managers are responsible for regular and open communication with the Investment Committee and/or the financial advisor retained by the Corporation on all significant matters

pertaining to the assets managed. Custodial responsibility for all assets of the Corporation shall be determined by the Board.

Objectives

1. To ensure a total rate of return (net interest and dividends plus realized or unrealized capital appreciation or depreciation) over the planning horizon necessary to preserve, in real-dollar terms, the principal of the Fund. Specifically, the Fund should attempt to provide a total rate of return equal to the distributable funds rate plus the rate of consumer price inflation.
2. To provide a predictable source of income for grants, operations, and other appropriate purposes that maintains its purchasing power.

Spending Policy

The Board of Trustees has set the spending policy at five percent (5%) multiplied by the average of the prior twelve (12) quarter-ending Fund values. The Fund's market value shall be based upon all assets in the fund including principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter.

Asset Allocations

Actual asset allocations for the Fund will be established and maintained by Corporation on the advice of its consultant and/or advisors, within the ranges provided in the following table:

Asset Class	Target	Minimum	Maximum
Cash / Equivalents			
Fixed Income			
Public Equities			
Private Equities			
Absolute Return			
Real / Other assets			
Total	100%		

When appropriate, specific objectives, including specific asset allocation parameters and performance standards, may be reflected in an appendix attached to these policies. Such specific objectives shall nonetheless be within the foregoing ranges, which can only be modified by the committee with the approval of the Board.

Rebalancing Procedures

The Committee will monitor the asset allocation of each fund based on reports provided by Corporation's consultant and/or investment advisors. The Committee may establish any reasonable rebalancing procedure based on either periodic reviews or departures from a range and may use its discretion to determine the timing of rebalancing actions. To achieve

rebalancing, the Committee may either move money from one asset class to another or may direct future contributions and expenditures from particular classes as is most convenient.

Investment Guidelines

To accomplish its investment objectives, the Committee is authorized to utilize any legal investment structure including separately managed portfolios, mutual funds, exchange traded funds, limited partnerships, and other commingled investment entities. This authority is subject to the requirements and restrictions contained in these policies.

When utilizing mutual funds or other commingled entities, the Committee shall see that Corporation's staff, consultant, and/or investment advisors have selected the investment entity appropriately based on the strategies and provisions contained in the entity's prospectus. In that event, the terms and conditions of the prospectus are deemed to control the entity's internal asset allocation, asset quality, diversification, and other requirements.

For separately managed portfolios, the following additional requirements shall apply:

Asset Diversification

The advisor will maintain reasonable diversification at all times. The equity securities of any one company should not exceed __ percent of the portfolio at the time of purchase and the combined debt and equity securities should not exceed __ percent of the portfolio at any time. The advisor shall also maintain reasonable sector allocations. In that regard, the maximum allocation to any one economic sector shall be __ percent of the sector's weighting, as defined in the published index used for measuring the portfolio's performance (e.g., S&P500, Russell 1000, etc.). These restrictions do not apply to U.S. government securities.

Proxy Voting

Subject to any specific instructions received from the Supported Corporation or contained in Corporation's mission guidelines (see Mission-Based Investment Criteria below), each advisor shall vote proxies according to their firm's established procedures and shall provide a copy of such procedures to the Committee upon request.

Custody and Securities Brokerage

The Committee will establish such custodial and brokerage relationships as are necessary for the efficient management of Corporation's funds. Whenever the Committee has not designated a brokerage relationship, then Corporation's investment advisors may execute transactions wherever they can obtain best price and execution.

Cash Flow Requirements

The Committee will be responsible for advising the consultant and each advisor in a timely manner of the Corporation's cash distribution requirements from any managed portfolio or fund. Each advisor is responsible for providing adequate liquidity to meet such distribution requirements.

Investment Restrictions

The Corporation's investment assets are to be managed with regard to the following restrictions for tax, risk, or mission purposes:

Tax-Based Restrictions

The Corporation is a charitable organization under § 501(c)(3) of the Internal Revenue Code. Consequently, its income is generally exempt from federal and state income tax with the exception of income that constitutes unrelated business taxable income (UBTI). Since UBTI can be generated by leveraged investments (resulting in “debt-financed income”), Corporation will not utilize margin, short selling, or other leveraged investment strategies unless the investment committee grants a specific exception as described below.

Risk-Based Restrictions

The Corporation will not engage in commodities transactions or option strategies (puts, calls, straddles) nor will it invest in any non-publicly traded securities including but not limited to managed futures funds, hedge funds, private equity funds, or other alternative investments unless approved by the Committee as provided below.

Mission-Based Investment Criteria

The Corporation desires to invest in companies whose business conduct is consistent with the Corporation’s goals and beliefs. Therefore, the Corporation’s consultant and/or investment advisors will use their best efforts to avoid holding securities of any company known to participate in businesses the Board deems to be socially or morally inconsistent with the Corporation’s objectives. The Committee will provide advisors with a statement of the Corporation’s mission guidelines and restrictions.

Exceptions to the Investment Restrictions

The Board recognizes the evolving nature of the investment world and that, under some circumstances, the Corporation may wish to utilize newer or more complex investment strategies. Therefore, the Investment Committee is authorized to grant exceptions to the foregoing restrictions, with the prior approval of the Supported Corporation Board of Trustees. For tax-based restrictions, the Committee is to determine if a particular strategy or investment will generate UBTI, for which it may rely on advice of counsel. When granting exceptions, the Committee must determine that the potential rewards outweigh the incremental risks. All such exceptions shall be made in writing and shall be communicated to the Board as part of the next regular Investment Committee report.

Reporting Requirements

1. *Monthly* — The Committee will obtain written monthly custodial statements. Such statements should contain all pertinent transaction details for each account that holds all or a portion of any Corporation investment funds. Each monthly statement should include
 - The name and quantity of each security purchased or sold, with the price and transaction date; and,
 - A description of each security holding as of month-end, including its percentage of the total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income (yield) at market.

In addition, if not included in the custodial reports, the consultant and/or the investment advisor(s) should provide a report for each fund or portfolio showing the month-end allocation of assets between equities, fixed-income securities, and cash.

The monthly review of custodial statements may be delegated to Corporation's accounting staff.

2. *Quarterly* — The Committee should obtain from its investment consultant and/or investment advisors, a detailed review of Corporation's investment performance for the preceding quarter and for longer trailing periods as appropriate. Such reports should be provided as to each fund and as to Corporation investment assets in the aggregate. As to each fund, the Committee should establish with its investment consultant and/or investment advisors the specific criteria for monitoring each fund's performance including the index or blend of indices that are appropriate for the objectives of each fund and for the investment style or asset class of each portfolio within a fund. The Committee shall meet with the consultant to conduct such reviews to the extent it deems necessary.
3. *Periodically* — The Committee should meet with its investment consultant at least annually to review all aspects of Corporation's investment assets. Such a review should include (1) strategic asset allocation, (2) manager and investment entity performance, (3) anticipated additions to or withdrawals from funds, (4) future investment strategies, and (5) any other matters of interest to the Committee.

**Nonprofit Governance
Policies and Procedures Revisited:
Trends, Developments, and More**

ATTACHMENT 10

**Board Resolutions
Adopting Policies**

SAMPLE – Board Resolutions Adopting Policies

I. CONFLICT OF INTEREST POLICY.

WHEREAS, a comprehensive conflict of interest policy for the _____ is necessary and advisable;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors deems it advisable and in the best interest of the _____ to adopt a policy statement setting forth rules for ethical behavior and the avoidance of conflicts of interest for all officers, employees, directors and committee members.

RESOLVED FURTHER, that the Board of Directors hereby approves and adopts the Conflict of Interest Policy submitted to this meeting as the Conflict of Interest Policy of the _____.

RESOLVED FURTHER, that the Secretary of the _____ is hereby authorized and directed to execute such Conflict of Interest Policy and to place it in the minute book.

RESOLVED FURTHER, that all directors, officers, employees and committee members of the _____ are hereby directed to submit a completed and executed Conflict of Interest Statement to the Secretary on an annual basis.

II. WHISTLEBLOWER POLICY.

WHEREAS, it is advisable and in the best interest of the _____ to have a written policy setting forth guidelines for the systematic retention and periodic destruction of important documents;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors hereby approves and adopts the Document Retention and Destruction Policy submitted to this meeting as the Document Retention and Destruction Policy of the _____.

RESOLVED FURTHER, that the Secretary is hereby authorized and directed to execute such Document Retention and Destruction Policy and to place it in the minute book.

III. DOCUMENT RETENTION AND DESTRUCTION POLICY.

WHEREAS, it is advisable and in the best interest of the _____ to have a written policy setting forth guidelines for the systematic retention and periodic destruction of important documents;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors hereby approves and adopts the Document Retention and Destruction Policy submitted to this meeting as the Document Retention and Destruction Policy of the _____.

RESOLVED FURTHER, that the Secretary is hereby authorized and directed to execute such Document Retention and Destruction Policy and to place it in the minute book.

IV. GIFT ACCEPTANCE POLICY.

WHEREAS, it is advisable and in the best interest of the _____ to have a written policy setting forth guidelines for the acceptance of gifts;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors hereby approves and adopts the Gift Acceptance Policy submitted to this meeting as the Gift Acceptance Policy of the _____.

RESOLVED FURTHER, that the Secretary is hereby authorized and directed to execute such Gift Acceptance Policy and to place it in the minute book.

V. INVESTMENT POLICY STATEMENT.

WHEREAS, it is advisable and in the best interest of the _____ to have a written policy setting forth guidelines for the investment of non-program assets;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Board of Directors hereby approves and adopts the Investment Policy Statement submitted to this meeting as the Investment Policy Statement of the _____.

RESOLVED FURTHER, that the Secretary is hereby authorized and directed to execute such Investment Policy Statement and to place it in the minute book.