

Step 9

Memorandum of Understanding

Once the Advisory Board Members have clear set goals for the new Community Fund, have agreed on a marketing plan for the first three years, and upon their understanding of the policies and procedures of the Community Foundation of Southern Wisconsin, the Chair will be asked to sign the Memorandum of Understanding.

MEMORANDUM OF UNDERSTANDING
BETWEEN
COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
AND
_____ FUND

1. The _____ FUND will be developed as a charitable community endowment to increase the philanthropic base for financial support to Section 501 (c)(3) not-for-profit organizations and for other charitable purposes within the Blanchardville and Hollandale, Wisconsin area. In support thereof, it will collect and analyze data on the charitable needs of Blanchardville/Hollandale area; and determine how revenue from the endowment should be distributed consistent with the specific and general interests of the donors.
2. The Community Foundation of Southern Wisconsin, Inc. (referred to as "the Community Foundation") is a Wisconsin public not-for-profit corporation, which provides services to donors interested in providing charitable funding and financial support for qualified not-for-profit organizations and other charitable purposes in the regional area. Its role is to build vital, caring communities through philanthropy that is visionary, flexible and inclusive.
3. The _____ **Fund** will be an unincorporated division of the Community Foundation. As such, _____ **Fund** will operate under the governing instruments and control of the Community Foundation Board of Directors and will, thereby, have those characteristics legally required for component fund status and public charity classification in compliance with the Internal Revenue Code for community foundations. An advisory board of directors, having at least five (5) members, who shall be representative of the Blanchardville/Hollandale area and its diverse citizens, will advise the _____ **Fund**.
 - a) Terms of Office: The members of the advisory board of directors of the _____ **Fund** shall be elected for terms of three (3) years each, one-third thereof to be elected each year at the annual meeting of the advisory board of directors. Commencing with the election of Directors at the first annual meeting, no individual shall be eligible to serve as a Director for more than two (2) consecutive three (3) year terms of office and shall, thereafter, be eligible for election to such office again only after the expiration of one (1) year from the date of his or her last service as a Director.
 - b) Selection of initial members shall have staggered terms.
 - c) If the _____ **Fund** desires a procedure for selection of directors or terms other than what has been described, they must have prior approval of the Community Foundation.
4. Funds within the _____ **Fund** may include unrestricted, restricted, designated, and advised funds (both permanent and spendable). Each Fund within the _____ **Fund** shall be a component of the Community Foundation. For advised funds, the advisors may recommend directly to the Community Foundation any grants to be awarded from their advised funds.
5. Contribution, and all additions, shall also be maintained, administered and distributed in such manner as to maintain the Community Foundation as an exempt organization as described in Sections 501(c)(3) and 170(b) of the Internal Revenue Code or any comparable provisions of any revisions to the Internal Revenue Code as they relate to community foundations. If distributions to any Fund become unnecessary, impossible or inconsistent with the needs of the community, the Community Foundation has the right to make distributions for other similar charitable uses without the approval of the donor, or any other party.
6. The duties of the members of the Advisory Board of _____ **Fund** will be as follows:

- a) Establish the policies and procedures to guide _____ **Fund**, such policies and procedures to be approved by the Board of Directors of the Community Foundation, consistent with the governing instruments, policies and procedures of the Community Foundation.
 - b) Implement the work of the _____ **Fund** as developed by its advisory board members under its established policies and procedures including apprising potential donors of the variance power as described in # 5 above.
 - c) Evaluate proposals for grants from the unrestricted and field-of-interest funds of the _____ **Fund** and recommend to the Board of Directors of the Community Foundation those grants to be funded. It is the general policy of the Community Foundation Board of Directors to approve the recommendations of _____ **Fund** so long as they fall within the charitable purposes of the Community Foundation and the Internal Revenue Service rules and regulations governing community foundations.
 - d) Develop funds for the endowment and operations of the _____ **Fund**.
 - e) Select one (1) person to be a liaison to the Community Foundation.
7. Donors may also recommend to the Community Foundation a bank or trust company for investment management purposes. The Community Foundation will take the recommendation under advisement and will invest funds in the most advantageous manner to meet the needs of each individual fund and the Foundation.
8. Each fund within the _____ **Fund** will be charged the standard management fee as determined by the Community Foundation Board of Directors for component funds of the Community Foundation.
9. Services provided by the Community Foundation to the _____ **Fund** will include the following:
- a) Inclusion of the Fund in the annual independent audit of the Community Foundation.
 - b) Preparation and filing of all required documents and annual reports to Federal, State and local government entities.
 - c) Quarterly reports of earnings and other receipts and disbursements of the _____ **Fund**.
 - d) A section of the Community Foundation's annual report, and newsletters, if any, will be devoted to the _____ **Fund**, as appropriate. Copies of the annual report will be distributed to those persons within the Blanchardville/Hollandale area as requested by the advisory Board of the _____ **Fund**.
 - e) Support in establishing permanent funds and other advice related to charitable giving as requested by the _____ **Fund**.
 - f) Staff support to the _____ **Fund** in evaluating grant requests and monitoring grants and such other reasonable grant support and administration, marketing, endowment development, organization and other technical assistance, as requested by the _____ **Fund**.
 - g) All records of the _____ **Fund** that are required to be maintained in accordance with the laws governing community foundations will be maintained by the Community Foundation.
 - h) Other brochures and development tools.
 - i) Spending, investment and finance policies and services.
 - j) Other services as requested by _____ **Fund** and approved by the Community Foundation Board of Directors.
10. The Fund shall be charged standard administration and investment fees. At present our policy is to charge 1.0% per annum of the fair market value of the Fund. One twelfth of fee will be charged monthly to the balance of the Fund based on the value of the Fund the end of each month.

11. The _____ **Fund** may not enter into any contract or binding commitment without the approval from the Community Foundation Board of Directors or Executive Committee. Any fund-raising plan must be reviewed and approved by the Community Foundation prior to implementation. All material of a public relations, information or advertising nature must be approved before use unless provided by the Community Foundation.

12. In the Event the advisory board of directors of the _____ **Fund** ceases to function; the Community Foundation will terminate this agreement upon notification to the last known members of the advisory board of directors of the _____ **Fund**. In such event, any funds established with the _____ **Fund** will remain component funds of the Community Foundation, subject to donor restrictions.

13. This agreement may be modified by mutual agreement of the advisory board of directors of the _____ **Fund** and the Board of Directors of the Community Foundation.

IN WITNESS WHEREOF, the parties have caused the execution of this agreement by their duly authorized officers as of the ___ day of _____, 200__.

_____ FUND

By _____
Name/Title

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.

By _____
Chair