

NATIONAL STANDARDS COMPLIANCE

Community Foundations were given the choice to participate in the National Standards Compliance. Montgomery County Community Foundation chose to comply with National Standards.

- The National Standards for U.S. Community Foundations were approved by the Council on Foundations' Community Foundations Leadership Team and adopted by the community foundation field in late 2000.
- Over 500 community foundations, out of approximately 700 nationwide, have agreed to comply with National Standards.
- Compliance with the National Standards is voluntary.
- National Standards assist community foundations in establishing legal, ethical, and effective operating practices that show a foundation's transparency and financial responsibility in light of the increased public scrutiny of foundation practices.
- Intended both as a blueprint for internal organizational development and as a tangible set of benchmarks for external assessment of performance, the 43 National Standards address six key areas of community foundation operations:
 1. Mission, Structure and Governance, including standards defining board accountability, compensation, independence, fiduciary responsibility and representation of the community.
 2. Resource Development, including parameters for administration of funds, disclosures to donors and commitment to building long-term resources for varied community issues and causes.
 3. Stewardship and Accountability, covering prudent investment and management of funds, transparent record-keeping, use of funds for their intended purpose, annual audits, and public availability of financial information, including standards related to due diligence and community responsiveness.
 4. Grantmaking and Community Leadership, including standards related to broad and open grantmaking programs, due diligence, and responsiveness to changing community needs.
 5. Donor Relations, encompassing guidelines for informing, educating and involving donors in responding to community needs.
 6. Communications, including openness to public scrutiny and frequent communications about activities and finances.

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- The Standards Action Team, supported by Council staff, developed a three-phase process for the implementation of the National Standards:
 1. Declaration of Intent. Community foundations pledge to adopt and adhere to the National Standards.
 2. Confirmation of Compliance. Community foundations, which have pledged to adopt the National Standards, submit a record book of 38 compliance documents that outline their organizational and financial policies and procedures. These documents are then extensively reviewed by trained, experienced community foundation practitioners, with support from Council staff.
 3. On-site Peer Review Evaluation. Leaders of the field will provide an intensive, collaborative, on-site assessment of the foundation's policies and operations, with the aim of reaching exceptional levels of service. (Details for this phase are being finalized.)
- The peer review process is conducted by leaders in the field that have at least ten years of experience with or knowledge of community foundations of different asset sizes, staff resources, organizational longevity and geographical service areas.
- Community foundations of all sizes use the standards as a road map to establish legal, ethical and effective practices that are ready for the increasing scrutiny of donors, government and the press.
- Community foundations use standards to publicly communicate their commitment to accountability, excellence and service.
- Community foundations use the standards to certify their achievement of comprehensive basic services that mark a true "community foundation."
- Community foundations use standards to promote self-regulation in a manner viewed positively by the Internal Revenue Service, which has increased its scrutiny of charities offering donor-advised funds.