

Capital Campaign Review Board of Berks County, Inc.

Procedures

Approved by the board October 11, 2007

I. General

The Capital Campaign Review Board of Berks County (CCRB) administers a voluntary process of reviewing, endorsing and scheduling capital campaigns for nonprofit organizations. Its purposes are to:

1. Assess the viability of proposed campaigns, based on the demonstrated capacity of the organization and the community.
2. Evaluate proposals, on behalf of prospective donors to assure that the plans are consistent with critical community needs and sound business practices.
3. Manage the number and timing of capital appeals directed to the Berks County donor community.

While the process is voluntary, many donors have established policies against funding capital requests not endorsed by the CCRB.

II. Definition of Capital Campaigns and Eligible Organizations

A capital campaign is an intensive, organized fund raising effort to secure philanthropic gifts from corporations, foundations and individuals beyond its own membership for specific capital needs or projects, executed within a specific time period, usually over one or more years. It typically focuses on major gifts. The capital campaign should involve careful study, planning, and identification of major potential donors. In most cases, it should lay groundwork for involvement of new volunteers and donors and set the stage for higher annual giving levels.

The purpose of capital campaigns is to obtain support for special needs of the organizations, such as:

Facility Construction
Renovations or Expansions
Acquisitions of Special Equipment

Organizations must be tax exempt and contributions to the organization must be eligible for the maximum deduction (currently 50%) allowable by the internal Revenue Code for a cash contribution by an individual taxpayer

How ever, the following types of organizations are not eligible to apply, though this should in no way be construed as denigrating the merit of their efforts:

1. Churches, for the construction or renovation of worship or educational facilities.
2. Elementary or secondary schools.
3. Governmental Entities

All non-profit organizations that apply for approval will comply with the following governance practices:

- A Board of Directors must govern the organization.
- The Board must ensure that the organization complies with appropriate accounting practices, as well as local, state and federal laws.
- The Board will be composed of a non-paid chair and non-paid members; a majority of whom are not employees of the organization or relatives of employees.
- Boards should contain individuals with various areas of expertise particularly in business or finance.
- Boards should reflect the community served by the organization.
- Boards of Directors must have term limitations except where a majority of the Board is elected or appointed by an entity other than the Board of Directors or the members of the organization.
- The Board must approve an annual operating budget and receive financial statements not less than semi-annually.
- The Board must ensure that an external audit is performed by an independent certified public accountant for organizations whose annual budgets exceed \$100,000.
- The Board must ensure that they or a board level committee meet directly with the audit firm that performs the audit. The Board or its committee should have the option to meet with the auditors without the Executive Director present.
- The Board must ensure that the organization has an approved salary administration plan, written personnel policies, and job descriptions.
- The Board or a committee of Board members must review the performance of the Executive Director and set the compensation for that individual.

- The Board must ensure that the organization has and adheres to a written Conflict of Interest policy that has been adopted by the Board.

III. Inquires and Applications

Preliminary Inquires may be made at any time. The CCRB will generally request applications in October of each year. Presentations supporting the applications will generally be scheduled for November of each year. CCRB approval will be made in November of each year

Applications are due as follows:

<u>For Campaign Year*</u>	<u>Due Date</u>
2009	October 31, 2007
2010	October 31, 2008

*Campaign year is the year during which the bulk of the campaign is conducted. Typically, organizations kick off their campaign in November of the prior year.

To be considered, applications must be received by 4:00 p.m. on the due date in the offices of Greater Reading Chamber of Commerce. There will be no exceptions or extensions to this deadline. Applications received after the deadline will be considered in the following year’s application cycle.

The CCRB will generally schedule no more campaigns than we believe can be successful for a given campaign year (excluding “mini campaigns.”)

Organizations seeking endorsement of campaigns with goals less than \$250,000 (“mini campaigns”) may apply at any time, but no less than 180 days prior to the proposed starting date of their effort. The CCRB may endorse one or more such campaigns. Mini campaigns shall be subject to all other applicable CCRB policies.

The CCRB retains the right to reschedule campaigns in the event of an emergency.

IV. Consideration Criteria

In considering applications, the Review Board will consider (but not be limited to) the following criteria:

1. Purpose(s) of Campaign. All campaigns should significantly strengthen the organization’s capacity to serve its constituency and/or respond to clearly identified critical needs in the community.

Because community resources are limited, organizations should thoroughly consider the critical community needs being addressed, alternatives to address this need and other potential sources of financing prior to submitting an application. The

CCRB will give particularly thorough scrutiny to projects which will generate substantial revenues which could be used to amortize debt.

The CCRB will not generally approve applications for campaigns for debt reduction related to construction undertaken or debt incurred prior to the CCRB's approval of a project.

Organizations are encouraged to engage in long range planning for the maintenance, renovation and upgrading of their existing facilities. The Review Board will generally not endorse campaigns designed to renovate facilities for their continued use for the same or similar purposes.

2. Stability and Management Practices of Organization. Capital campaigns are an appropriate vehicle to strengthen successful organizations. The Review Board will endorse campaigns for organizations with an extended history of excellent management practices.

Particular attention will be paid to board composition and tenure as well as the history of management stability.

The CCRB will rigorously review the history of financial results of the organization. The CCRB will generally not endorse campaigns for organizations with a recent history of financial difficulties.

The CCRB will give particular scrutiny to the organization's plans for maintaining and operating facilities built with capital campaign funds. Organizations will be expected to demonstrate that the operations of such facilities (including ongoing planning for refurbishment and maintenance) is provided for. Operational endowments, fee for service revenue or documented plans to enhance annual support are among the ways this issue may be addressed.

3. Fundraising Preparedness. Capital campaigns will generally be the culmination of an effective, long term, development program. A broad based and consistently growing annual fundraising effort is a key indicator of potential success in a capital campaign.

The Board will review the organization's history of and plans for fundraising. The Board will pay particular attention to the mix of corporate, foundation and individual philanthropy reflected in the organization's recent history. The CCRB feels that the burden of capital efforts should not fall on corporations and foundations.

4. Prior Campaigns. The CCRB will consider the time elapsed since the last campaign approved for the organization as well as the organization's performance and compliance during prior campaigns.

V. Conditions for Approval:

To recognize the importance of the United Way Campaigns to our community, there are significant limitations on permissible solicitation during the period of September 1 to November 15.

During this period, the solicitations for the campaign are prohibited, with the following exceptions:

- The organization may solicit its governing board.
- The organization may solicit its employees.
- The organization may solicit the individuals who are serving as its campaign cabinet and the corporations that employ those individuals. In no event shall more than fifteen people be considered to be members of the campaign cabinet without the express prior approval of the Review Board.

United Way agencies are generally limited by their contract with the United Way in their solicitation of any individuals, corporations, foundations or other organizations during this period. United Way agencies should contact the United Way for additional guidance on this issue.

Cultivation activities may take place during the period September 1 to November 15. Cultivation activities include pre-campaign publicity, educational sessions and information on the organization's mission, activities, and future plans.

All phases of the campaign must be completed within the planned campaign time schedule.

The campaign is to be conducted in such manner and within such campaign budget as may be approved by the CCRB.

There shall be full compliance by the agency, organization, or institution with all applicable laws and ordinances concerning solicitations.

The applicant shall agree to a timely report on the budget and achievement of the campaign upon its completion.

Organizations, in applying for approval, certify that they comply with the following organizational standards:

- A Board of Directors governs the organization.
- The Board ensures that the organization complies with appropriate accounting practices, as well as local, state and federal laws.

- That the majority of the Board composition is not made up of employees of the organization or relatives of employees.
- The Board of Directors has reasonable term limitations except where a majority of the Board is elected or appointed by an entity other than the Board of Directors or the members of the organization.
- The Board approves an annual operating budget and receives financial statements not less than quarterly.
- The Board ensures that an external audit is performed by an independent certified public accountant for organizations whose budgets exceed \$100,000.
- The Board ensures that they or a board level committee meet directly with the audit firm that performs the audit. The Board or its committee has the option to meet with the auditors without the President/Executive Director present.
- The Board ensures that the organization has an approved salary administration plan, written personnel policies and job descriptions.
- The Board or a committee of the Board reviews the performance of the President/Executive Director and set compensation for that individual.
- The Board ensures that the organization has and adheres to a written Conflict of Interest policy that has been adopted by the Board.

The CCRB reserves the right to withdraw endorsement of the campaign and/or deny any future applications