

Ruiz 4 Kids  
POLICIES

# Introduction to Policies

*“What matters is that R4K’s leaders make a concerted effort to develop policies and practices that help the board and, in turn, the organization, to deliver on its mission.”*

Policies are written rules, statements, principles, or directives for making decisions and taking action. These policies have been adopted by the Ruiz 4 Kids board to serve as a guide when the board carries out its governance duties and while staff conducts the organization’s daily operations. The Ruiz 4 Kids policies also establish a standard and recommended way of acting in challenging situations. They function as a protective mechanism for the organization and for individuals when a decision is questioned; those responsible can explain how they reached their conclusion by pointing to an approved policy that was followed. The Ruiz 4 Kids policies are also tools for setting priorities, making decisions, and defining and delegating responsibilities.

The Ruiz 4 Kids Policies consist of four broad policy areas, within which more specific policies are nested:

- 1) “Ends” policies—mission related and serve as a long-range plan.
- 2) “Executive Limitations” policies defining boundaries for staff activity.
- 3) “Board-Executive Linkage” policies clarifying the way to board delegates authority to the executive director.
- 4) “Board Process” policies dealing with how the board governs itself.

Certain policies are covered by Ruiz 4 Kids parent company, Ruiz Foods. Please refer to Ruiz Foods policies as pertains to:

- Personnel (grievances, anti-discrimination, sexual harassment)
- Whistleblower Protection
- Executive Director Job Description
- Crisis Communication

Ruiz 4 Kids Policies have been developed within the framework provided by BoardSource, Washington, DC., a national organization dedicated to improving the effectiveness of nonprofits by strengthening their boards of directors.

# Ruiz 4 Kids

## POLICIES

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# Section I: ETHICS AND ACCOUNTABILITY

## OUR VISION

To make a difference in the life of a child.

## MISSION STATEMENT

To raise funds to help strengthen and build a better life for children and youth in the communities we serve.

## VALUES

Ruiz 4 Kids believes:

- Philanthropy contributes to a thriving democracy and is a privilege and a responsibility.
- Grantmaking is a partnership with grantees and the public, conducted in the public trust.
- Philanthropy must be undertaken seriously and responsibly, adhering to all laws and principles of fiduciary responsibility.
- Thoughtful grantmaking is informed by different perspectives, opinions, and experiences.

In accordance with these beliefs:

1. We deal respectfully and courteously with our applicants, grantees, clients, and donors as well as with those seeking information about our programs. We honor the confidentiality of our applicants, grantees, and donors and exercise discretion in our communications.
2. We are clear and accessible about our goals, programs and grantmaking processes, and make information about our application requirements, funding priorities, and programs available on a timely basis.
3. We adhere to the highest ethical, legal, and fiduciary standards in our operations. We recognize and disclose conflicts of interest and work to avoid perceived conflicts of interest. We maintain active oversight of all financial and investment matters.
4. We regularly assess our mission and practices, including periodic review of priorities, policies, board activity, communications, and the impact of our grantmaking.
5. We seek to continually educate ourselves and expose ourselves to different perspectives, opinions, and experiences, and, where appropriate, to share our learning and experience with our grantees, the public, and government officials.

## CODE OF ETHICS

Ruiz 4 Kids' mission can only be realized through a common code of ethics upheld by our officers, board of directors, and staff.

- We expect integrity, honesty, and trustworthiness in our work; courage in our decisions; and dedication to Ruiz 4 Kids' values and beliefs.
- We expect responsible action on behalf of the organization and are accountable and transparent to our constituents and to one another. We share information when appropriate without sacrificing confidentiality.
- We expect to be treated and to treat others with respect. We respect the opinions of and the differences among individuals.
- We expect fairness to be evident in our actions internally and externally. We are equitable in our decisions and mindful of their impact on other groups and people.
- We expect our actions to demonstrate our care for others and the community as a whole. We support each other in a humane manner. We care about the well-being of each other, the community, and the Ruiz 4 Kids organization.

# STATEMENT OF PERSONAL AND PROFESSIONAL STANDARDS OF CONDUCT

It is the intent of Ruiz 4 Kids to strive for the highest ethical conduct from all board and staff. The leadership is particularly sensitive to individuals who hold management and governance positions of trust and confidence in fulfilling the mission and goals of the organization. These sensitive positions include officers, key senior staff members designated by the chief executive, and members of the board.

In an effort to achieve the highest standards of conduct, each officer, key staff member, and board member is requested to acknowledge (by signing) the following adopted Code of Ethics by December 31st each year. This acknowledgement will be kept on file.

All officers, key staff members, and members of the board of Ruiz 4 Kids are required and expected to exercise the highest ethical standards of conduct and practice fundamental honesty at all times.

In support of Ruiz 4 Kids' standards of high ethical conduct, each officer, key staff member, and board member WILL NOT:

- Deceive, defraud, or mislead Ruiz 4 Kids board members, officers, staff members, advisors, or other associates, or those with whom Ruiz 4 Kids has business or other relationships.
- Misrepresent Ruiz 4 Kids in any negotiations, dealings, contracts, or agreements.
- Divulge or release any information of a proprietary nature relating to Ruiz 4 Kids' plans, mission, or operational databases without appropriate approval.
- Obtain a personal advantage or benefit due to relationships established by any officer, senior staff member, or board member by use of the organization's name.
- Accept individual gifts of any kind in excess of \$100, in connection with the officer's, key staff member's, or board member's relationship with Ruiz 4 Kids. All such gifts are to be reported to the Treasurer who shall divulge gifts received during the calendar year to the audit committee.
- Withhold their best efforts to perform their duties to acceptable standards.
- Engage in unethical business practices of any type.
- Use Ruiz 4 Kids property, financial resources, or services of personnel for personal benefit.
- Violate any applicable laws or ordinances.

Infractions of this Statement of Personal and Professional Standards of Conduct are to be reported directly to any member of the audit committee who shall, in his or her determination, bring the infraction to the full executive committee.

As stated in the Ruiz 4 Kids Bylaws (Article VI, Section 6.04) any Board Member may be removed with or without cause by the Board of Directors.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name (please print) \_\_\_\_\_

## CONFIDENTIALITY POLICY

Any information about Ruiz 4 Kids and its applicants, grantees, donors, prospective donors, and any personal information about employees or other confidential information obtained by board, staff, and consultants as a result of working with the organization should be considered confidential and should be discussed only as appropriately required in connection with the organization's work. All information concerning an applicant, grantee, donor, prospective donor, or other confidential information must be maintained in confidence, and particular care must be taken to avoid discussion of organization affairs with third parties, unless authorization to do so is obtained from the chief executive, or as required by law.

All files, documents, and working papers of the organization are the property of the organization. Any board member, staff member, or consultant who purposely, or through a failure to exercise reasonable care, causes confidential information to be disclosed will be subject to disciplinary action, up to and including termination. The obligation to keep information confidential continues after an employee, board member, or consultant ceases to be employed by or affiliated with the organization.

### Personal Addresses

It is the policy of the organization not to give out staff or committee member's personal addresses or phone numbers to outside persons (with the exception of the Ruiz Foods human resource department's dealings with benefit providers). Anyone asking for personal information on staff or committee members should be instructed to forward all calls, mailings, or invitations to the Ruiz Foods human resource office.

## CONFLICT-OF-INTEREST POLICY AND PROCEDURES FOR THE BOARD

Each member of the board of Ruiz 4 Kids has a duty of loyalty to Ruiz 4 Kids. In furtherance of this duty, it is the policy of Ruiz 4 Kids that directors may not use their position as directors for personal, family, or professional gain. Directors may not obtain for themselves, their relatives, or their friends a financial or material interest of any kind from their connection with Ruiz 4 Kids. Each director has a duty to give undivided allegiance to Ruiz 4 Kids when making decisions affecting Ruiz 4 Kids and in any transactions, dealings, or situations involving Ruiz 4 Kids. In furtherance of these obligations, Ruiz 4 Kids has adopted this Conflict-of-Interest Policy and Procedures applicable to its directors.

### Conflict-of-Interest Transactions

A conflict of interest with respect to a transaction effected or proposed to be effected by the organization means the interest a director has respecting such transaction, if:

1. The director knows that he or she or a related person is a party to the transaction or has a beneficial financial or personal interest in or is so closely linked to the transaction and it is of such financial or personal significance to the director or a related person that the interest would reasonably be expected to exert an influence on the director's judgment if he or she were called upon to vote on the transaction; or
2. The director knows that any of the following persons is either a party to the transaction or has a financial or personal interest in or is so closely linked to the transaction and it is of such financial or personal significance to the person that the interest would reasonably be expected to exert an influence on the director's judgment if he or she were called upon to vote on the transaction:
  - a. An entity of which the director is a director, officer, partner, equity owner, agent, or employee;
  - b. A person that controls, is controlled by, or is under common control with, one or more of the entities described in subsection (a); or
  - c. An individual who is a partner, principal, employer, employee, personal friend, business associate, or a significant creditor or debtor of the director.

For purposes of this Policy, a “related person” of a director means 1) the spouse of the director, or a parent or sibling thereof, or a child, grandchild, sibling, or parent of the director, or the spouse of any thereof, or an individual having the same home as the director, or a trust or estate of which an individual specified in this paragraph is a substantial beneficiary, or 2) a trust, estate, incompetent, conservatee, or minor of which the director is a fiduciary.

Examples of situations in which conflicts of interest may arise include, but are not limited to, the following:

- Transactions with persons and organizations supplying goods and commercial services to Ruiz 4 Kids
- Transactions with persons and organizations from which Ruiz 4 Kids leases property and equipment
- Transactions with persons and organizations with whom Ruiz 4 Kids is dealing or planning to deal in connection with the gift, purchase, or sale of real estate, securities, or other property
- Transactions with persons representing competing or collaborating organizations
- Transactions with donors and others supporting Ruiz 4 Kids
- Transactions with persons representing agencies, organizations, and associations that affect the operations of Ruiz 4 Kids
- Transactions with organizations or individuals receiving grants from Ruiz 4 Kids

### **Conflict-of-Interest Relationships**

Ruiz 4 Kids recognizes that conflicts of interest may arise not only in the context of a transaction but also in situations where a director’s personal interests, or the interests of a related person, personal friend, business associate, an entity in which a member holds an equity interest, employer, employee, or a significant creditor or debtor of the director, could reasonably be expected to exert an influence on the director’s judgment regarding general Ruiz 4 Kids matters and/or impair his or her ability to act in Ruiz 4 Kids’ best interests.

It is important to note that a “conflict of interest” exists if a decision could be influenced (i.e., perceived conflict of interest) — it is not necessary that influence actually take place.

## **Structural Conflicts of Interest**

### **Procedures for Identifying and Addressing Conflicts of Interest**

The following procedures shall be followed when a conflict of interest arises with respect to any director:

1. The director must promptly make full disclosure of the conflict of interest to the qualified directors of the board. The director must disclose (a) the existence and nature of the director’s conflict of interest and (b) all facts known to him or her regarding the subject matter of the transaction or situation that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction or how to deal with the situation.
2. For purposes of this policy, a “qualified director” means any director who does not have either (a) a conflict of interest with respect to the transaction or situation, or (b) a familial, financial, professional, or employment relationship with a second director who does have a conflict of interest with respect to the transaction or situation, which relationship would, in the circumstances, reasonably be expected to exert an influence on the first director’s judgment when voting on the transaction or situation.
3. The qualified directors will discuss the conflict of interest and, depending on the nature of the conflict of interest, vote on either (a) whether or not to continue the transaction at issue or (b) measures to address the situation at issue. Directors subject to a conflict of interest shall not be permitted to be present or to participate in the deliberations or vote of the qualified directors with respect to such

conflict of interest. Recusal of the director shall require such director to physically remove himself or herself from a meeting, conference call, e-mail, listserv, or any other electric communications.

4. The conflict of interest transaction or situation shall be approved only upon the affirmative vote of a majority, but no fewer than four (4) of those qualified directors on the board or on a duly empowered committee of the board (who voted on the transaction after required disclosure to them); provided, that action by a committee is effective only if (a) all committee members are qualified directors, and (b) committee members are either all the qualified directors on the board or are appointed by the affirmative vote of a majority of the qualified directors on the board. A majority, but no fewer than four (4) of all the qualified directors on the board, or on the committee, constitutes a quorum for purposes of the vote described above.

5. When a conflict exists, resolution of the matter may include (a) approving or disapproving any transaction or situation at issue; (b) requiring the director to remove himself or herself from positions in which the conflict of interest exists until there is no longer a conflict; or (c) requiring the director to discontinue, reduce, or modify his or her participation in the board, committees, or task forces where the conflict exists.

6. In addition to the procedures described above, directors have an obligation to address any perceived conflict of interest of other directors if they are aware of such conflicts with respect to matters pertaining to Ruiz 4 Kids.

### **Acknowledgment and Annual Disclosure**

Directors will receive this Conflict-of-Interest Policy and Procedures and shall be required to sign and date the policy disclosure form at the beginning of their term of service. Directors also shall be required to sign and update the policy disclosure form at the beginning of each calendar year. Failure to update or sign the policy disclosure form, however, does not nullify a director's obligations under this policy.

# ANNUAL STATEMENT CONCERNING POSSIBLE CONFLICT OF INTEREST

The undersigned acknowledges receipt of a copy of Ruiz 4 Kids' Conflict-of-Interest Policy and Procedures for Directors.

By my signature affixed below, I acknowledge my agreement with the spirit and intent of these policies and, I agree to report to the chief executive of the organization any possible conflicts (other than those stated below) that may develop before completion of the next annual statement.

\_\_\_\_\_ I am not aware of any conflict of interest.

\_\_\_\_\_ I do or may have a conflict of interest in the following area(s):

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Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

# DOCUMENT RETENTION AND DESTRUCTION

## Purpose

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention, and destruction of documents received or created by Ruiz 4 Kids in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept, and how records should be destroyed (unless under a legal hold). The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records, and to facilitate Ruiz 4 Kids' operations by promoting efficiency and freeing up valuable storage space.

## Document Retention

Ruiz 4 Kids follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule, will be retained for the appropriate length of time.

### Corporate Records

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
Bylaws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years

### Accounting and Corporate Tax Records

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
IRS Form 990 Tax Returns	Permanent
General Ledgers	[7 years/Permanent]
Business Expense Records	7 years
IRS Forms 1099	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records (box office, concessions, gift shop)	5 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years

### Bank Records

Check Registers	[7 years/Permanent]
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

## **Payroll and Employment Tax Records**

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax Returns	7 years
W-2 Statements	7 years

## **Employee Records**

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion, or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination
Time Cards	2 years

## **Donor and Grant Records**

Donor Records and Acknowledgment Letters	7 years
Grant Applications and Contracts	7 years after completion

## **Legal, Insurance, and Safety Records**

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years
General Contracts	3 years after termination

## **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 e-mail 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**

Ruiz 4 Kids' records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping Ruiz 4 Kids operating in an emergency will be duplicated or backed up at least every week and maintained off-site.

## **Document Destruction**

Ruiz 4 Kids' treasurer is responsible for the ongoing process of identifying its records, which have met the required retention period, and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

### **Compliance**

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Ruiz 4 Kids and its employees and possible disciplinary action against responsible individuals. The chief financial officer and finance committee chair will periodically review these procedures with legal counsel or the organization's certified public accountant to ensure that they are in compliance with new or revised regulations.

# Section II-BOARD AND BOARD MEMBERS

## ROLE OF THE BOARD

### Responsibilities

1. The governing body of the organization shall be the board, which establishes policy, directs the activities of the elected officials and committees, and approves all action pertaining to the business of Ruiz 4 Kids.
2. The board approves the organization's strategic plan, which shall be updated at least every two (2) years.
3. An organizational business plan for each year shall be approved by the board prior to the beginning of the year of implementation.
4. The budget of the organization shall be presented on an annual basis and approved by the board prior to its effective date.
5. The board reviews committees' and officers' reports and makes recommendations concerning committees' activities.
6. The board authorizes the official acts of the elected officials and committees, including position papers and oral or written testimony.
7. The board has the responsibility for retaining legal counsel and approving the retainer fee paid to legal counsel. The board evaluates the services rendered by legal counsel annually, prior to the renewal of the retainer agreement.
8. The board has the responsibility for retaining an auditor. The board evaluates the performance by the auditor on an annual basis prior to renewal of his or her contract.
9. The board has the responsibility for retaining an executive director. The board evaluates the performance of the executive director on an annual basis prior to renewal of his or her contract.
10. The board must approve all new policies and policy revisions before they are incorporated into the policy manual.
11. The board approves each committee procedure manual after the policy committee reviews it.
12. The board will meet at least twelve (12) times during the calendar year.
13. The board chair in consultation with the executive committee may call special meetings.
14. Attendance of elected officials is required at all board meetings and official Ruiz 4 Kids functions. Request to be excused shall be sent as soon as possible to the board chair.
15. The board should evaluate itself annually.
16. An officer owes his or her loyalty to the organization and may not, without permission of the board, use the position as officer or director to his or her own advantage.
17. An officer or director may not be a designated representative of two organizations that have a conflict of interest.
18. Ruiz 4 Kids officers may not serve on the board of another organization whose primary or secondary activity is related to the activities of Ruiz 4 Kids without prior approval of a majority of the board.

# THE BOARD PRESIDENT

## Position Summary

The President is the senior volunteer leader of Ruiz 4 Kids and presides at all meetings of the board, the executive committee, and other meetings as required.

## Key Responsibilities

- **Policy and Planning:** Works with the executive director and the board to establish the guiding principles, policies, and mission for the organization — for example, by initiating a regular review of the organization’s strategic plan and mission to keep them fresh and relevant, and by establishing metrics to measure success.
- **Budget and Finances:** Works with the appropriate board members to oversee the budget of the organization and assumes ultimate responsibility for the integrity of its finances — for example, by overseeing independent outside audits and, as appropriate, internal audits as well.
- **Board Meetings:** Leads and facilitates board meetings by making sure that the agenda is closely followed, every board member has the opportunity to participate in discussions, and the board uses proper decision-making procedures.
- **Board Committees:** Serves as an ad hoc member of all board committees and works to structure a committee system that contributes to the board’s overall effectiveness.
- **Board Development:** Oversees efforts to build and maintain a strong board by setting goals and expectations for the board, cultivating leadership among individual board members, and working with the nominating committee to make board development a priority.
- **Board Recruitment and Orientation:** Works with the nominating committee to identify and recruit new board members who bring important skills and knowledge to the board.
- **Board Evaluation:** Works to make sure the board has opportunities to reflect regularly on how well it is meeting its responsibilities to the organization — in part by overseeing a board self-assessment on an annual basis.
- **Fundraising:** Guides the work of the board to secure funds for the organization by overseeing the development of fundraising policies, encouraging and supporting the fundraising efforts of the development committee and individual board members, soliciting contributions from board members and selected outside contributors, and setting an example by contributing his or her own funds to the organization.

# THE BOARD VICE PRESIDENT JOB DESCRIPTION

- Attend all board meetings.
- Serve on the executive committee.
- Carry out special assignments as requested by the board president.
- Understand the responsibilities of the board president and be able to perform these duties in the president’s absence.
- Participate as a vital part of the board leadership.

# BOARD RELATIONSHIP WITH EXECUTIVE DIRECTOR

The Executive Director is an ex officio, nonvoting member of the board of directors. The executive director shall be responsible for the day-to-day administration of Ruiz 4 Kids’ affairs and shall manage and direct all activities of the organization as prescribed by the board of directors. The executive director shall oversee and direct staff and volunteer activities in carrying out the work of the organization. The executive director shall perform such other duties as may be assigned by the board president or the board of directors.

## BOARD TREASURER/CFO JOB DESCRIPTION

### Requirements

1. Knowledge of the organization and personal commitment to its goals and objectives
2. Understanding of financial accounting for nonprofit organizations

### Responsibilities

1. Serves as financial officer of the organization.
2. Manages, with the executive committee, the board's review of and action related to the board's financial responsibilities.
3. Works with the executive director to ensure that appropriate financial reports are made available to the board on a timely basis.
4. Assists the executive director in preparing the annual budget and presenting the budget to the board for approval.
5. Reviews the annual audit and answers board members' questions about the audit.

## SECRETARY OF THE BOARD JOB DESCRIPTION

**Purpose:** To ensure that actions of the board are documented

### Key Responsibilities

- In advance of meetings, provide written agendas of the sessions of the full board and the meetings of the standing committees.
- In advance of meetings, distribute to board members appropriate background information on subjects to be discussed.
- Prepare and provide written minutes to board members in the specified time.
- File the approved minutes and maintain the official list of board members and their term limits in accordance with procedure.

## BOARD SELF-ASSESSMENT

### Rationale

The board is committed to assessing its own performance as a board in order to identify its strengths and areas in which it may improve its functioning. While the board sees its role of assessing its performance as ongoing, it sets aside time at its annual retreat to conduct a self-evaluation among its members.

### Purpose and Process

The purpose of the board self-evaluation is to identify those areas of board functions that are working well and those that may need improvement. The board self-evaluation speaks to the board as a whole, not to individual members. It is the evaluation process of the overall effectiveness of the board as a decision-making group.

The following process will be used:

- A self-evaluation form will be distributed to all board members annually.
- The completed self-evaluation forms shall be submitted to the chancellor's office at least 3 weeks prior to the regularly scheduled board retreat at which the self-evaluation will be discussed.
- The self-evaluation results shall be included as an agenda item for review at a regularly scheduled board retreat.
- The board will develop a remediation plan during a future board retreat within one year from the date of the initial approval of this administrative procedure.

### Compensation of Board Members

Board members shall serve without compensation. Board members shall be allowed reasonable reimbursement of expenses incurred in the performance of their duties, including attendance at board-authorized meetings and conferences.

# STATEMENT OF COVENANT FOR BOARD MEMBERS

Adopted by the board of directors on December 21, 2007.

As a board member of Ruiz 4 Kids, I, \_\_\_\_\_, understand that my duties and responsibilities include the following:

1. I am morally responsible for the health and well-being of this organization. As a member of the board, I have pledged myself to help realize the vision, which is: *To Make a Difference in the Life of a Child*.
2. I am fiscally responsible, with the other board members, for this organization. It is my duty to know what our budget is, to be active in planning that budget, and planning the fundraising to meet that budget.
3. I am legally responsible, along with other board members, for this organization.
  - a. I am responsible to know and approve all policies and programs, and to oversee the implementation of policies and programs.
  - b. I will attend all board meetings unless circumstances beyond my control prevent my attendance, and I will be available for home consultation.
  - c. I will read materials sent to me in advance of the board meetings.
  - d. I understand that if I am absent without excuse from regularly scheduled board meetings more than three (3) times in a year that I will be asked to resign from the board.
  - e. I know that if I neglect my duties or if I act in bad faith, it may be possible for me to be held personally liable in suits brought by a private person, a business, a governmental entity, or even the organization itself. However, I understand that I am not responsible for the day-to-day operations of the organization as these are the responsibility of the executive director.
  - f. My one direct management responsibility, along with other members of the board, is the selection and supervision of the executive director.
4. I will give what is for me a significant donation of time and energy.
5. I will work to raise money for Ruiz 4 Kids, in whatever ways are best suited for me. These may include individual solicitation, helping with special events, writing mail appeals and the like. There is no set amount of money that I must raise because I am making a good-faith agreement to do my best, and bring in as much money as I can.
6. I will act with the care and loyalty required of board members, and put the interests of the organization first. I will observe the organization's conflict-of-interest policy in letter and spirit, taking care to disclose publicly any conflicts that arise in the course of my business or the organization's, and to excuse myself from decisions that create or appear to create a conflict of interest for me.
7. I promise to preserve the investment of time and money made over years by all the donors and volunteers who created this organization and brought it to this point. Every board member is making a statement of faith to carry out the above agreements to the best of our ability, each in our own way, with knowledge, approval, and support of all.

In its turn, Ruiz 4 Kids is responsible to me in a number of ways:

1. I will be sent, without request, regular financial reports that allow me to review Ruiz 4 Kids' financial position.
2. I can call on the paid staff to discuss program and policy, goals, and objectives.
3. Board members and staff will respond in a straightforward and thorough fashion to any questions I have that I feel are necessary to carry out my fiscal, legal, or moral responsibilities to this organization.
4. D&O insurance will be provided.

\_\_\_\_\_  
Signature of Board Member

\_\_\_\_\_  
Date

For board term beginning \_\_\_\_\_ and ending \_\_\_\_\_.

# Section III: FINANCE AND INVESTMENTS

## BUDGETING

### **Budget Process and Review**

The budget process is designed to provide

- A means by which spending limits are set based on expected revenue levels
- A system to allow for procedures to compare actual results to the set spending limits
- A means for setting program priorities and allocating resources to those priorities
- A means for comparison of actual financial results to budgeted amounts and analysis of differences from those budgeted amounts

### **Preparation of Budget**

Prior to the end of the fiscal year, the executive director and treasurer shall review the financial activity for each of the prior two fiscal years, including actual results of operations for those two fiscal years, mission of the organization, goals, short-term plans, and any other relevant information deemed appropriate.

### **Approval of Budget**

After preparation of the budget for the next fiscal (calendar) year, copies of the budget, proposals for cost reductions (if necessary), and proposals for cost increases (if necessary) shall be sent to all board members. At the Fall in-person board meeting or the in-person board meeting closest to the end of the year, the board shall meet to discuss and approve or reject the budget. If the budget is rejected, the board shall direct the executive director and treasurer to amend the budget for changes as directed by the board.

### **Review of Budget**

Once the budget has been set for the fiscal year, the budget shall be included in the accounting system of Ruiz 4 Kids. As monthly financial statements are prepared, a comparison of actual monthly results of operations to budget figures shall also be prepared. The financial statements and budget variances (with detailed explanations) shall be reviewed by the board. When deemed necessary, the board shall revise the budget to fund additional services or make allowances for other unbudgeted revenues or expenses.

## CAPITAL EXPENDITURES

### **Definition**

A capital acquisition is an individual asset and/or class of assets that has a useful life of more than one year and a cost of \$1,000 or more.

### **Budget**

Anticipated capital acquisitions shall be included in the normal budgetary process, and when necessary, as part of the separate capital acquisitions budget. The annual budget shall include purchase requests for all new and replacement acquisitions.

### **Purchasing**

Any equipment with an estimated value of \$2,000 or more shall be purchased through competitive bidding or comparative pricing by at least three vendors whenever possible. Comparative pricing or competitive bidding should also be used periodically for regularly purchased materials, supplies, services, and insurance.

### **Executive Authority**

The chief executive shall have the authority to make purchases that are part of the approved annual budget without additional approval from the board. Such acquisitions shall be reported to the board and finance committee at their next regular meeting.

### **Long-Range Plan**

Organizations should consider adopting a five-year long-range plan for capital additions and replacements.

## **Discretionary Fund**

The executive director shall have the authority to spend up to \$2,000 from the discretionary fund on any single acquisition without prior approval from the board. Such acquisitions shall be reported to the board and finance committee at their next regular meeting.

## **Property**

The executive committee must approve the purchase or disposition of any capital asset with a value of \$500 or more. The purchase or sale of any capital asset of higher value shall be approved by the board. Purchase or sale of any real estate must be approved by the board.

## **FINANCIAL AUDITS**

In order to ensure financial accountability, Ruiz 4 Kids will have its financial statements audited by an independent auditing firm as determined by the Board with required frequency not to go beyond two (2) years if the annual budget remains under two (2) million dollars. Should Ruiz 4 Kids' annual budget exceed two (2) million dollars per year, an audit will be conducted annually as required by the Sabanes-Oxley Act. The selection of the firm to conduct the audit will be approved by the board. The auditor's report, management letter, and IRS Form 990 will be presented to the board for approval. A copy of the audited statement will be distributed to the full board and the executive director. The audited financial statements will also be made available to anyone else who requests them.

## **FINANCIAL CONTROLS**

### **Loans**

No loan may be made to any officer, director, or employee of the organization, except in accordance with applicable California State law. Any such loan may be made only pursuant to a written agreement approved by the board and reviewed and approved by legal counsel. All such loans to an employee shall be repaid through payroll withholding and shall be callable by the organization upon termination of employment or, in the case of a relocation loan secured by a residence, upon the sale of the residence. Staff shall ensure that all such loans are properly reported for employment and income tax purposes.

### **Credit**

From time to time it will be necessary for Ruiz 4 Kids to borrow funds from outside sources to fund operations and expansion. This will be necessary because of the seasonality of income from fees, donations, and sales, and due to major expansions or revisions of Ruiz 4 Kids programs.

Funds are to be borrowed only as required to meet these needs, and borrowing is to be consistent with sound fiscal and management practices. Borrowings are not intended to make up for inadequate planning or spending above budgeted levels.

#### **Borrowing funds should be done within the following guidelines:**

1. Borrowing should be within appropriate limits and board approved prior to the time of borrowing.
2. Amounts should be borrowed at the lowest available interest rates. Where borrowing from individuals can be done at lower than current commercial rates, this may be done.
3. Most borrowing will short-term due to the seasonal nature of income. Long-term borrowing will be done only if rates are favorable and short-term amounts would be at the same minimum level.

### **Check Signing Authority**

1. The board president, vice president, two advisors, and the board secretary, are authorized to sign checks.
2. All checks require two signatures.

### **Cash Disbursements**

1. An authorized check signer will make disbursements only upon review and approval of the transaction. This will include review for the existence of proper supporting documentation, such as a purchase order and evidence of the receipts of the goods and services.
2. Any disbursement check requires the signatures of any two persons authorized by the board.

# INVESTMENTS

## Preamble

All funds of Ruiz 4 Kids are held by the board as a fiduciary. Therefore, all restricted and unrestricted funds of the organization are held by the organization as a steward for the sake of carrying out Ruiz 4 Kids' mission and objectives. The following instructions are to be understood and employed with that sense of stewardship in mind. Further, this investment policy is set forth in order that:

1. There is a clear understanding of responsibilities and objectives of the board, its delegates, and chosen investment counselors (hereinafter "counselors"); and
2. The board will have a basis for evaluating the investment performance of each of the organization's investment funds.

## Ruiz 4 Kids Approval

Any investment policy must be approved by the board.

## Delegation of Responsibilities

The board of Ruiz 4 Kids has delegated supervisory authority over its financial affairs to the finance committee (hereinafter "committee") of the Ruiz 4 Kids board, as provided in Ruiz 4 Kids' bylaws. The committee will report the status of Ruiz 4 Kids investments quarterly to the board. In carrying out its responsibilities, the committee and its counselors will act in accord with this investment policy (hereinafter "policy"), and all applicable laws and state and federal regulations that apply to nonprofit agencies including, but not limited to, the Uniform Prudent Investors Act of 1994 and the Uniform Management of Institutional Funds Act.

## Specific duties of the board, as delegated, include:

1. Selecting counselors, custodians, and brokers;
2. Developing investment objectives, investment performance criteria, and implementing policies consistent with the financial needs of Ruiz 4 Kids;
3. Determining asset allocation strategy and overall investment portfolio structure to meet Ruiz 4 Kids' objectives;
4. Providing for the prompt investment of cash received by Ruiz 4 Kids; and
5. Reviewing and evaluating investment results based on performance goals enumerated herein and taking corrective action as needed.

The board and committee are authorized to retain one or more counselors to assume the investment management of funds and assets owned or administered by Ruiz 4 Kids. In discharging this authority, the committee may act in the place of the board and may pay compensation to, and enter into agreements with such counselors. The board may also grant (in written form only) exceptions to this investment policy when deemed appropriate.

## Objectives

The primary investment objective of Ruiz 4 Kids is to preserve and protect its assets by earning a total return of each fund (e.g., operating reserve, charitable trust funds, annuity reserve, etc.) appropriate to each fund's time horizon, liquidity needs, and risk tolerance, as herein below set forth under "Performance Goals."

## Performance Goals

The following performance goals are to be sought while at the same time preserving the principal or corpus of invested Ruiz 4 Kids' funds. The rates of return shown below are net of all expenses (management fees, commissions, etc.):

1. Cash Equivalents defined as 90 days or less over time should exceed the average return on ninety (90)-day U.S. Treasury Bills
2. Fixed Income Assets over time should exceed the average return on the [Lehman Bros. Intermediate Government/Corporate] Index

3. Equity Investments over time should exceed the average return of the Standard & Poor's 500 Index or the MS EAFE Index, whichever is applicable

### **Asset Mix**

To accomplish Ruiz 4 Kids' investment objectives, its advisors are authorized to utilize equity, fixed income, and cash equivalent securities. The Ruiz 4 Kids' advisors are required to remain within the ranges outlined below, which ranges the committee may amend periodically to best achieve Ruiz 4 Kids' investment goals.

### **Custody and Securities Brokerage**

The committee will establish such custodial and brokerage relationships as are necessary for the efficient management of Ruiz 4 Kids' funds. Whenever the committee has not designated a brokerage relationship, then the counselors will execute Settlement of Transactions wherever it can obtain best price and execution.

### **Transactions**

All purchases and sales of securities will be delivered to Ruiz 4 Kids' designated agent for payment with immediately available funds.

### **Mission and Social Investing Considerations**

Ruiz 4 Kids desires to invest in/with companies whose business conduct is consistent with ' goals and beliefs. Therefore, Ruiz 4 Kids' counselors will use their best efforts to avoid investing directly in the securities of any company known to participate in businesses the board deems to be morally offensive. Ruiz 4 Kids' counselors must read and understand its Mission and Values Statements in order to invest Ruiz 4 Kids' funds appropriately.

### **Reporting Requirements**

1. Monthly — the custodian and/or broker will provide the committee with a monthly written statement containing all pertinent transaction details for each separately managed portfolio including, but not limited to:
  - A transaction statement with the description and quantity of each security purchased or sold, with the price and date of each transaction; and
  - A "portfolio holdings" report detailing each holding's quantity, average cost basis, purchase date, current market value, unrealized gain or loss, annual income, and yield at cost.
  - Further, this report should break down current asset allocation by category (equity, fixed income, etc.).
2. Quarterly — Ruiz 4 Kids' advisors will provide the committee with detailed reports concerning
  - Asset allocation;
  - Investment performance;
  - Future investment strategies; and
  - Any other matters of interest to the committee.
3. Annually — Ruiz 4 Kids' counselors will provide to the committee an annual summary of all transactions in each fiscal year, together with a report of investment performance for each year of its management tenure.

### **Process Evaluation**

Even though assets are monitored continuously, the committee will focus on the achievement of Ruiz 4 Kids' objectives as follows:

- Equities — three to five year time horizon
- Fixed income — two to three year time horizon
- Cash equivalents — one to two year time horizon

If any advisor or firm involved with the management of Ruiz 4 Kids' funds changes philosophy, personnel, ownership, or experiences excessive turnover, a review will be conducted to determine if the counselor continues to be appropriate for Ruiz 4 Kids' investment needs.

## **Cash Distribution Requirements**

Ruiz 4 Kids' finance department staff will be responsible for advising its advisors in a timely manner no less than five (5) business days of Ruiz 4 Kids' cash distribution needs. Ruiz 4 Kids' staff and counselors are responsible for advance planning that will ensure that the organization's cash flow requirements are met in accord with board policy as stated herein and elsewhere.

## **Donated Securities**

It is the policy of Ruiz 4 Kids to sell all marketable securities received as donations to Ruiz 4 Kids as soon as is practical, but in not more than thirty (30) days from their receipt, unless the donation meets the requirements of this policy for its particular fund (operating reserve, annuity reserve, etc.).

## **Conflicts of Interest**

The board and committee will not invest Ruiz 4 Kids funds with any firm or in any vehicle that may, as a result of the transaction, monetarily benefit a member of the board or Ruiz 4 Kids staff.

## **Investment Policy Distribution**

This policy, upon every revision hereof, must be distributed by the committee to the following individuals/entities:

1. Ruiz 4 Kids Executive Director,
2. Ruiz 4 Kids Treasurer/CFO,
3. Ruiz 4 Kids Executive Committee,
4. Ruiz 4 Kids Development Staff, and
5. Any and all counselors hired by Ruiz 4 Kids' committee.

## **Procedures for Revising Guidelines**

All investment policies will be reviewed and, if necessary, revised at least annually or when deemed necessary by the committee. All revisions will be submitted to the Ruiz 4 Kids board for review and approval.

This investment policy has been reviewed and approved by:

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Board President  
RUIZ 4 KIDS

# INVESTMENT, BOARD-DESIGNATED RESERVES, AND ENDOWMENT POLICIES

It is the general policy of Ruiz 4 Kids to invest funds to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. The funds include permanently restricted funds, temporarily restricted funds, and board-designated reserves. Notwithstanding this policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored.

## INVESTMENT POLICY

### Fund Categories, Objectives and Authority

#### Temporarily Restricted Funds

- Description. These funds are restricted in time or purpose. They include donated funds that are restricted to program use or over time, and are expected to be used for operating expenses. They also include funds pledged as collateral to third parties.
- Investment Objective. Preservation of principal for designated uses, and maximization of earnings in a way that allows for immediate liquidity to meet ongoing operations and spending requirements.
- Authority. Within the parameters of this investment policy, executive director and treasurer/chief financial officer have authority to invest the funds, and to spend principal and interest to meet grant requirements and operational needs of Ruiz 4 Kids.

#### Unrestricted Short-Term Operating Funds

- Description. These funds are not restricted in their use. They include cash, surplus from current operations, unexpended portions of unrestricted grants, and other unrestricted funds received.
- Investment Objective. Preservation of principal to cover operating expenses, and maximization of earnings in a way that allows for immediate liquidity to meet ongoing operational requirements.
- Authority. Within the parameters of this investment policy, the executive director and treasurer/chief financial officer have authority to invest the funds, and to spend principal and interest to meet the operational needs of Ruiz 4 Kids.

#### Board-Designated Reserves

- Description. These funds have been designated by the board to be held in reserve to support future years' operations, provide a resource for unexpected downturns, and provide a source of investment in the business. They may include accumulations from past years' annual results of operations, investment income, and other funds designated by the board.
- Investment Objective. Preservation of real purchasing power of principal, and maximization of investment income.
- Authority. The finance and investment committee shall establish the appropriate ranges and types of investment for these funds, with prior approval of the board, and shall review investment performance of these funds on a quarterly basis in accordance with this policy. Within the parameters of this Investment Policy and with the advice of the finance and investment committee, the chief executive and chief financial officer shall have the authority to invest the funds.

#### Endowment Funds

- Description. Endowed funds are those that have been given in perpetuity, through which the principal of the fund remains intact and the income is paid out.
- Investment Objective. Preservation of principal to allow distribution of income for designated uses.
- Authority. These funds shall be overseen by the investment committee, invested on a long-term basis in accordance with the investment policy. Spending withdrawals will be made in accordance with the spending policy.

## **Reserve Fund Policy**

The financial objective of Ruiz 4 Kids is to establish a financial reserve to provide for three (3) months of operating income. The board needs to authorize any disbursements from this fund. The funds for the reserve fund will come from the surplus from operations, or the net operating excess for each fiscal year.

## **IRS Form 990 and 990-PF**

- The board president shall ensure that tax payments and other government-ordered payments or filings are filed in a timely and accurate manner.
- The board president shall sign and certify that the IRS Form 990 is accurate and complete.
- The executive committee shall review and approve the IRS Form 990 annual tax filing prior to submission, and the full board shall receive a copy of the IRS Form 990 within 30 days of its submission.
- Consistent with the requirements of §6104(d) of the Internal Revenue Code and the regulations thereunder, copies of the organization's Form 990 shall be made available, upon request, in a timely manner, and [without charge OR subject to the charges permitted by law] to any individuals who request it.

## **Board Checklist for IRS Form 990**

The board shall ensure that the following steps toward public disclosure of Ruiz 4 Kids' financial status take place:

1. Review Form 990 and Form 990-T by legal counsel each year.
2. Distribute, to the full board, a copy of the Form 990 in advance of filing for review and consideration.
3. File accurate, complete, timely, and in compliance with regulatory requirements Form without extension, each year.
4. File accurate, complete, timely, and in compliance with regulatory requirements Form 990-T (Unrelated Business Income Tax), without extension, each year.
5. Disclose to the general public, through the organization's web site, Form 990 and the audited financial statements.

## SPENDING POLICY

The endowment fund shall annually distribute an amount equal to five (5) percent of the fund's average value as calculated in this paragraph. The distributions shall be made quarterly in an amount equal to one and one-quarter percent of the calculated distribution value. The distribution value is the average of the fair market value of the fund as of the close of each of the preceding 12 calendar quarters. 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. The distributions shall be made promptly following the close of each quarter. To the extent that it may legally do so, the organization shall interpret this policy as satisfying a gift provision that calls for retaining principal and distributing income.

This general policy reserves the right, for the board, to dissolve the endowment fund if the purposes can no longer be met.

Ruiz 4 Kids shall establish an unrestricted endowment fund to support the general purposes of the organization. The principal is to be invested in a prudent manner in accordance with the investment policy as prescribed from time to time by the board, and the income (defined as total return income) is to be used to support the organization's general purposes.

Ruiz 4 Kids may allow the creation of named endowments to recognize a donor and his or her wishes.

The board, or its designated committee, shall retain the right to dissolve Ruiz 4 Kids endowments and use the principal for general purposes or for the restricted purposes contained in each endowment when, in the board's discretion, the purposes of the endowment can no longer be met or the organization's needs may so require.

### Prohibitions

Types of investments not specifically authorized by the board and included above are forbidden.

### Treasurer's Responsibilities

- The treasurer will maintain the permissible ranges of investment for each asset class.
- At least quarterly, the holdings of the asset classes shall be rebalanced or reallocated, if necessary.
- The treasurer/chief financial officer, in consultation with Ruiz 4 Kids' advisor, if utilized, will review the organization's portfolio performance in comparison with appropriate economic benchmark data on a quarterly basis and establish targeted rates of return for the following quarter.
- The treasurer will provide the finance and investment committee with a quarterly statement containing the following investment performance information:
  - – The name and quantity of the securities purchased and sold, with the price and transaction date
  - – An analysis for each security including its description, percentage of total portfolio, quantity, market value, unrealized gain or loss, and annual income and yield
  - – An analysis for the entire portfolio of the current asset allocation by asset class (equity and fixed income funds)
- Quarterly, the treasurer/chief financial officer will provide the executive and/or finance committee with information about 1) asset allocation, 2) investment performance, 3) future investment strategies, and 4) any other matters of interest to the committee.
- Additionally, an annual report will be provided to the finance and investment committee and to the board summarizing the previous year's transactions and overall investment performance as compared to appropriate indices.

## **Executive/Finance Committee Responsibilities**

- The committee will reexamine the portfolio allocations on a quarterly basis for the purpose of evaluating the appropriateness of the allocation given existing market conditions, the economic needs of Ruiz 4 Kids, and the size of the funds.
- The committee will periodically review the distribution policy against actual returns in order to make adjustments necessary for the preservation of purchasing power of the funds.

## **Risk Management**

Ruiz 4 Kids organization is committed to protecting its human, financial, tangible, real estate, and goodwill assets and resources through the practice of effective risk management. Ruiz 4 Kids' board and management are dedicated to safeguarding the safety and dignity of its paid and volunteer staff, its clients, and anyone who has contact with the organization. To this end, the board will ensure that the organization has a risk management plan for the organization that is reviewed and updated on an annual basis.

## **Asset Protection**

The executive director shall adequately protect and maintain from unnecessary risk Ruiz 4 Kids assets. Accordingly, the executive director shall:

- Insure against theft and casualty losses of tangible personal property to at least 80 percent replacement value and against liability losses to board members, staff, or the organization itself at no less than minimally acceptable prudent levels;
- Have sufficient employee dishonesty insurance and directors' and officers' liability insurance for personnel with access to material amounts of funds;
- Ensure office and equipment is not subjected to improper wear and tear or insufficient maintenance;
- Protect the organization, its board, and staff from exposure leading to claims of liability;
- Protect intellectual property, information, and files from loss or significant damage;
- Seek bids or demonstrate other prudent methods for any purchases over \$2,000 and protect against conflicts of interest;
- Receive, process, or disburse funds under financial controls that meet the board-appointed auditor's (or other grant) standards;
- Acquire, encumber, or dispose of real property only with board approval, with the price set on any property to be disposed of following either a formal market appraisal or analysis of comparable properties by at least two reputable realtors in that market;
- Not endanger the organization's public image or credibility, particularly in ways that would hinder its accomplishment of mission, except when necessary to accomplish its mission.

## Section IV: FUNDRAISING

### Board Member Fundraising

In addition to any organization-wide fundraising activities approved by the board, board members can engage in individual fundraising activities on behalf of Ruiz 4 Kids, including:

- Annual end-of-year fundraising letter to personal and professional contacts
- Yearly fundraising activities in their communities
- Making contacts for support of Ruiz 4 Kids programs; seeking assistance from other board members if needed
- Encouraging local members [or supporters] to consider planned giving

## FUNDRAISING JOB DESCRIPTION FOR BOARD MEMBERS

### Board Member Duties

- 1 Board members must identify and evaluate prospects, cultivate and solicit gifts, actively support fundraising programs by their presence, and offer personal acknowledgments to donors and volunteers.
- 2 Board members are obliged to provide leadership and actively advocate the organization's priorities and the necessity of its fundraising efforts.
- 3 Board members must engage in with the personal gift of their time and energy.

### Board Duties

- 1 The board is responsible for attracting and supervising all the resources of the organization to carry out its programs and services.
- 2 The board must develop a strategic plan to deliver benefits to the community it serves and to attract public support.
- 3 The board must deliberate on and develop fundraising plans that address staff, systems, space, and budget.
- 4 The board is part of an essential team, with the obligation to lead, support, and work together with staff and volunteers in the design, supervision, and conduct of fundraising activities.
- 5 The board must select and evaluate the executive director, rating performance as a key team member in the fundraising team.
- 6 The board must take responsibility for guidance and direction on ethical and professional practices — including use of budget allocated for fundraising activities.
- 7 The board must ensure that budget appropriations for fundraising are evaluated as an investment strategy designed for reliable long-term results from faithful donors, committed volunteers, and reliable net revenue that meets organizational priorities.
- 8 The board must review the results and evaluate the performance of fundraising activities at all levels to their satisfaction, in accordance with established goals and objectives.

## DONOR RELATIONS

### Donor Intent

Donors' wishes will be considered to the extent possible, as long as their intended use of funds is in keeping with the purpose of Ruiz 4 Kids and with the policies and priorities of the organization as expressed in the corporate plan. Ruiz 4 Kids will not accept a gift for which it is incapable of honoring donor intent.

### Acknowledgment

All gifts, regardless of value, form, or stipulations, shall be acknowledged by Ruiz 4 Kids in the form of a written substantiation, including a gift receipt.

## **Recognition**

Formal recognition of donors includes methods that convey appreciation to the donor and provide opportunities for public acknowledgment.

## **Public Notice**

Ruiz 4 Kids will respect a donor's wish to remain anonymous.

## **Confidentiality**

The fund development unit shall maintain confidentiality concerning all correspondence regarding contributions, gift records, prospect cards, and other data on donors, and will ensure that this donor information is used on a need-to-know-basis only for the support of fund development for Ruiz 4 Kids.

# **THE DONOR BILL OF RIGHTS**

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes;
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities;
3. To have access to the organization's most recent financial statements;
4. To be assured their gifts will be used for the purposes for which they were given;
5. To receive appropriate acknowledgement and recognition;
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law;
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature;
8. To be informed whether those seeking donations are volunteers, employees of the organization, or hired solicitors;
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share;
10. To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

# Gift Acceptance

## Introduction

The purpose of this gift acceptance policy is to give guidance and counsel to those individuals within Ruiz 4 Kids concerned with the planning, promotion, solicitation, receipt, acceptance, management, reporting, use, and disposition of private sector gifts.

These policies must be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations, as long as such situations and expectations are consistent with Ruiz 4 Kids' mission and policies. Flexibility must be maintained since some gift situations will be complex, and proper decisions can be made only after careful consideration of all related factors. These policies may, therefore, require that the merits of a particular gift be considered by the appropriate staff and/or committee of the board along with legal counsel and directors if necessary.

All fundraising activities and gift acceptance policies, and their day-to-day implementation, are designed and managed by the chief executive in conjunction with the appropriate staff, and are subject to approval by the board.

The board, through the finance committee and the chief executive, is responsible for the gift acceptance policy. This responsibility cannot be delegated or waived. These policies and authorizations shall be reviewed by the finance committee on an annual basis or as circumstances warrant.

## Policy Statements

### A. Board Acceptance of Gifts

The board shall exercise its public trust, as mandated by statute, in making final decisions for the acceptance of all gifts and grants and for any exception to its policies and guidelines. Gifts and gift instruments may be received by the Executive Director, but can be accepted officially only by the board as managers of the public trust.

Ruiz 4 Kids shall accept only those gifts the transference and implementation of which shall be deemed consistent with the public laws and/or regulations of the United States of America and the State of California

### B. Philanthropic Intent

The board shall determine that gifts to Ruiz 4 Kids are evidence of philanthropic intent and that the donor's philanthropy is in accord with the stated mission and goals of Ruiz 4 Kids. The purpose is to prevent Ruiz 4 Kids from being an object of philanthropic intent for either designed or innocent avoidance of taxes, prejudiced purposes, or evaluation of gifts without generous, advanced, objective, experienced evaluation.

### C. Ethics

The board shall assure itself that all philanthropic promotions and solicitation are ethical by adopting policies that prohibit Ruiz 4 Kids personnel from benefiting personally by way of commissions or other devices related to gifts received.

### D. Review Legal Arrangements

Legal counsel retained by Ruiz 4 Kids shall, as required, review legal documents, contracts, and all donor agreements. Ruiz 4 Kids shall seek the advice of legal counsel in all matters pertaining to its planned giving program. All agreements shall follow the formats of the specimen agreements to be approved by legal counsel unless counsel has agreed in writing to a change for a specific agreement.

Ruiz 4 Kids shall encourage donors to seek their own counsel in matters relating to their bequests, life income gifts, tax planning, and estate planning. All legally binding documents involving gifts over \$50,000 shall be prepared and/or reviewed by counsel retained by the donor, to avoid any conflict of interest or undue influence. Alternatively, a donor may sign a document prepared by Ruiz 4 Kids, releasing Ruiz 4 Kids from any liability and waiving any conflict.

## **E. Professional Fees**

While Ruiz 4 Kids is happy to offer assistance to attorneys and other professional advisors by providing specific language to be used in charitable giving instruments, it cannot pay any attorney's or advisor's fees associated with this work.

## **F. Unacceptable Gifts**

Ruiz 4 Kids reserves the right to refuse any gift that is not consistent with its mission. In addition to and without limiting the generality of, the following gifts will not be accepted by Ruiz 4 Kids:

1. Gifts that violate any federal, state, or local statute or ordinance
2. Gifts with unreasonable conditions (e.g., a lien or other encumbrance) or gifts of partial interest and property
3. Gifts that are financially unsound
4. Gifts that could expose the Ruiz 4 Kids to liability

## **G. Stewardship**

Ruiz 4 Kids will be responsible for good stewardship toward its donors by following these guidelines:

1. All gifts will be acknowledged within the required, or otherwise reasonable, period of time.
2. All gift acknowledgment letters/receipts will be prepared by the executive director or his or her designee.
3. Gifts to Ruiz 4 Kids shall be reported in a manner consistent with the standards recommended by the Association of Fundraising Professionals (AFP) or the National Council on Planned Giving (NCPG).
4. Files, records, and mailing lists regarding all donors and donor prospects are maintained and controlled by Ruiz 4 Kids. Maximum use will be made of information and contacts that members of the board, various volunteer groups, or the staff have with potential donors. Written reports of interviews and solicitations will be maintained in the donor prospect file and/or computer.
5. This information is confidential and is strictly for the use of Ruiz 4 Kids board and staff. Use of this information shall be restricted to organization purposes only. Donor has the right to review his or her donor fund file(s).
6. Ruiz 4 Kids will provide the donors of endowed scholarships with appropriate information about the recipients of scholarship assistance.
7. Should the gift be restricted, Ruiz 4 Kids will provide the donor with a narrative and financial report detailing the activities made possible by their support. This report will be submitted to the donor within 10 days of the completion of the underwritten activities.
8. Gifts to Ruiz 4 Kids and accompanying correspondence will be considered confidential information, with the exception of the publication of donor recognition societies. All donor requests for confidentiality will be honored.
9. Names of donors will not be provided by Ruiz 4 Kids to other organizations, nor will any lists be sold or given to other organizations.

## **H. Conflict of Interest**

The Ruiz 4 Kids board will assure itself that Ruiz 4 Kids personnel are circumspect in all dealings with donors in order to avoid even the appearance of any act of self-dealing. The board will consider a transaction in which the employee has a "material financial interest" with a donor an act of self-dealing. In reviewing self-dealing transactions, the board shall consider financial interest "material" to an employee if it is sufficient to create an appearance of a conflict. In each case, this will be a question of fact.

The board will examine all acts of self-dealing including, but not limited to prohibition against personal benefit. Those individuals who normally engage in the solicitation of gifts on behalf of Ruiz 4 Kids shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of Ruiz 4 Kids. (The definition of individuals includes each of the categories of employees of Ruiz 4 Kids. Individuals are further defined to include associations, partnerships, corporations, or other enterprises in which a member of the staff holds a principal ownership interest.)

### **I. Conformity to Federal and State Laws**

The board will assure itself that fundraising activities comply with local, state, and federal laws.

### **J. Gift Valuations**

Ruiz 4 Kids shall follow accepted guidelines for the valuation of gifts such as stock, real estate, personal property, and life insurance that require specific methods of valuation for the protection of both the donor and Ruiz 4 Kids.

Gifts of art, furniture, books, stamps, coins, and other collections must have values assessed by properly accredited independent appraisers retained by potential donors for appropriate gift tax credit. Ruiz 4 Kids shall acknowledge receipt of such properties but must not verify values.

### **K. Required Reporting of Gifts to the Internal Revenue Service**

Should Ruiz 4 Kids sell, exchange, or otherwise dispose of any gift (other than checks, cash, or publicly traded stocks or bonds), within two years after the date of the gift, Ruiz 4 Kids will furnish the Internal Revenue Service and the donor with a completed Form 8282.

## **SPONSORSHIPS AND ENDORSEMENTS**

### **Policy Statement**

Ruiz 4 Kids actively solicits and encourages the business community, service clubs, and other organizations to become sponsors of Ruiz 4 Kids events, programs, and services. Ruiz 4 Kids enters into sponsorship agreements with sponsors it deems appropriate. Sponsorship agreements may vary by sponsor.

### **Definitions**

A sponsorship is defined as a mutually beneficial exchange arranged in advance whereby

- 1 Ruiz 4 Kids obtains support for a specified activity.
- 2 Sponsor receives value in return for cash and/or products and services-in-kind to Ruiz 4 Kids.

### **Policy Objectives**

Ruiz 4 Kid's sponsorship policy has been developed within the framework provided by BoardSource, Washington, DC.

## **POLICY PRINCIPLES**

### **Sponsorship Approvals**

Ruiz 4 Kids' board has the right to refuse an offer of sponsorship that is deemed inappropriate or incompatible with the mission, goals, or best interests of Ruiz 4 Kids.

### **Conditions of Sponsorship**

Ruiz 4 Kids undertakes to ensure that all partners understand that the sponsorship agreement will have no impact on the policies or practices, such as materials selection or purchases, of Ruiz 4 Kids.

Use of Ruiz for Kids' name or logo is strictly controlled. Any use of Ruiz 4 Kids' name or logo by community or business partners requires prior approval in writing.

A partnership agreement will define the terms of the sponsorship (e.g., project details, timing, limitations, invoicing, and formal recognition of the sponsorship) and any recognition to be provided to the sponsor. The sponsorship agreement will have a set time period and all obligations on the part of Ruiz 4 Kids and the sponsor will end upon the termination of the agreement, unless otherwise specified in the agreement.

Certain partnership agreements may entitle a sponsor to exclusivity. In all other cases a sponsor may not limit Ruiz 4 Kids' ability to enter into other sponsorships.

### **Sponsor Recognition**

Sponsors will be provided with a level of recognition commensurate with their contribution. Recognition shall be in conjunction with, but not limited to, the programs or services that are supported by the sponsor.

### **Charitable Tax Receipts**

Ruiz 4 Kids will issue an appropriate donor acknowledgement letter to its business partners for tax purposes.

## Section V: COMMUNICATIONS

### Electronic Media

A Web site will be established to provide access to member services and information to the general public. The Web site will be updated on a regular basis. Information and updates will be posted after approval from the executive director or his or her appointee.

### Political Contributions

Ruiz 4 Kids encourages individual participation in civic affairs. However, as a charitable organization, Ruiz 4 Kids may not make contributions to any candidate for public office or political committee and may not intervene in any political campaign on behalf of or in opposition to any candidate for public office.

We therefore:

- 1 Refrain from making any contributions to any candidate for public office or political committee on behalf of Ruiz 4 Kids.
- 2 Refrain from making any contributions to any candidate for public office or political committee in a manner that may create the appearance that the contribution is on behalf of Ruiz 4 Kids.
- 3 Refrain from using any organizational financial resources, facilities, or personnel to endorse or oppose a candidate for public office.
- 4 Clearly communicate that we are not acting on behalf of the organization, if identified as an official of Ruiz 4 Kids, while engaging in political activities in an individual capacity.
- 5 Refrain from engaging in political activities in a manner that may create the appearance that such activity is by or on behalf of Ruiz 4 Kids.

### Media Relations

To ensure the quality and consistency of information disseminated to media sources, the following policy shall be enforced:

- 1 All media inquiries are to be referred to the Executive Director and if warranted, handled by Pat Summers at SMG, regardless of who the media representative is, whom he or she represents, or how innocuous the request.
- 2 All press releases or other promotional materials are to be approved by the executive director prior to dissemination.

Failure to comply with the Ruiz 4 Kids' media policy shall be grounds for disciplinary action.

## Section VI: COMMITTEES

### Executive Committee

#### Charge to the Executive Committee

The governance committee is commissioned by and responsible to Ruiz 4 Kids board to ensure board effectiveness, maximum participation and performance; to recommend new board members in a timely fashion; to ensure board policies are being observed; to implement board development and growth opportunities throughout the year; to ensure all board members receive orientation; and to annually recommend a slate of officers to the board for approval.

In addition, since there is an absence of a Finance Committee, the Executive Committee is also commissioned and responsible for the following:

- 1 Prepares yearly budget and oversees organizational financial planning, including the strategic plan
- 2 Approves the allocation of funds and payment of bills
- 3 Ensures the preparation of accurate, timely financial reports, and reviews such reports with the board to explain budget deviations and make recommendations
- 4 Reviews internal financial controls
- 5 Reviews budgets of special projects or committees as appropriate
- 6 Reviews, on an annual basis, the sources of funding for the organization
- 7 Arranges for an annual audit of the financial operations, reviews audit report with the auditor, and reports the results to the board
- 8 Recommends to the board the investment of disposition of funds and reports to the board on a regular basis the conditions of such investments
- 9 Sees to the preparation of all tax forms and licenses as required by law
- 10 Ensures that the organization is adequately insured

### Development Committee

#### Charge to the Development Committee

The role of the development committee is to ensure that the organization's total development program is in concert with the organization's strategic direction and needs. The committee serves as the mechanism by which board members and other volunteers are involved in the fundraising process.

The development committee is charged with focusing the organization and its board on fundraising. This includes constant attention to the strength of the mission and case for support, the organization's accountability, the involvement of constituencies with the institution, the resources required to carry out the mission, plans for cultivating and soliciting the needed private funds, fundraising involvement, and demonstration of good stewardship.

In the absence of a development committee, the executive committee shall be commissioned and responsible for carrying out the duties of a development committee.

## Audit Committee

### Charge to the Audit/Governance Committee

The audit/governance committee is commissioned by and responsible to Ruiz 4 Kids' board, in overseeing Ruiz 4 Kids' internal control system, investigating the accuracy of the records and reports to the governing body, determining proper authorization of activities and expenditures, determining the physical existence of assets, reviewing the tax-exempt status and identifying any activities endangering it, and ascertaining corporate, federal and state reports are filed in a timely manner. It is also responsible for ensuring staff, board, advisors and volunteers are adhering to the organization's bylaws, policies and procedures.

The audit/governance committee shall cause an independent auditor to conduct an annual examination of Ruiz 4 Kids' financial states, shall receive the audit report and any other reports relating to such audit. The audit committee shall annually recommend to the board the employment of Ruiz 4 Kids' independent auditors.

In compliance with California State Nonprofit Integrity Act of 2004, the board must appoint an audit committee. The audit/governance committee may include persons who are not board members and shall consist of not few than three (3) members who shall be appointed for one-year terms by the board of directors at the annual meeting. The audit committee cannot include the board president, executive director, the treasurer/CFO.

## Committee Chair Job Descriptions

### General Responsibilities for Ruiz 4 Kids' Board Committee Chairs (includes all other committees)

In order to take effective action, Ruiz 4 Kids' board requires in-depth study, information, and recommendations. Each committee assists the board in carrying out its policy-making, planning, and review functions by keeping the board informed and making recommendations in a defined area.

To support and expedite the work of the board, each committee/task group performs certain tasks, as requested by the chair, as well as the ones listed below. The chair of the committee is responsible for the following committee tasks:

- 1 Meet at intervals as needed to facilitate completion of all tasks.
- 2 Provide accurate, comprehensive minutes.
- 3 Recommend changes in current Ruiz 4 Kids policies and recommend new policies when necessary.
- 4 Address issues that have been referred from other committees/task groups, or have resulted from board action(s).
- 5 Identify and track external trends in the committee's area of work to ensure Ruiz 4 Kids' use of best practices.

Prepare and present to the board written reports related to its work and specific recommendations with supporting rationales at a time indicated by the chair.