

**Medfield Foundation, Inc. (“MFi”) Standard Operating  
Procedures adopted by the  
MFi Board of Directors on November 11, 2014  
as updated on August 25, 2016**

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It is important to understand that MFi is a nonprofit 501(c)(3) public charity and must follow strict IRS guidelines to maintain its status and to ensure that donors continue to receive tax benefits for their contributions. Failure to follow rigorous regulatory and compliance standards could jeopardize our tax-favored status. To that end, the following procedures were adopted by the MFi Board of Directors.

**A. Governance**

1. Each Initiative will operate as a sub-committee of MFi. As such, it would be appropriate for the Initiative to name a chair or co-chairs and other similar committee positions, but not to have a formal Board of Directors, Bylaws, or similar organizational documents. These functions are maintained by MFi as the overall governing body. Copies of our Bylaws are available on request.
2. At least one co-chair of each Initiative may attend at least one Medfield Foundation Directors’ meeting per calendar year.
3. Minutes to all Initiative meetings must be sent either through U.S. mail or email to be distributed at our monthly meetings.

4. MFi Directors must be informed of the details of all fundraisers and special events in advance so that we can evaluate whether any tax or other legal considerations must be resolved before the activity is undertaken. Each Initiative must notify MFi's Treasurer as soon as possible in advance of the activity. MFi must approve in advance any event wherein sponsors intend to serve alcohol without a licensed bartender, and MFi reserves the right to impose conditions in connection with any such event.
5. All activities conducted by the Initiative must be consistent with MFi's charitable purpose which is to solicit, receive and administer funds exclusively for educational, literary, charitable, and benevolent purposes.
6. It is absolutely prohibited that MFi and, therefore, the Initiative engage in political activities, lobbying, or any activity which directly benefits a single business or individual or a small group thereof as opposed to the public at large. Scholarship programs which have been approved in advance by the IRS are the exception. We prohibit discrimination on the basis of age, gender, race, sexual preference, religion or nationality. Similarly, it may be inappropriate for MFi and/or the Initiative to engage in business relationships with MFi Directors or with Committee members. (For example, a compensated marketing job given to a person who is also a Committee Member.)
7. In accordance with IRS regulations, MFi Directors reserve the right to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Directors, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs within the Town of Medfield.
8. The Initiative agrees that all contractors paid with monies from MFi will be appropriately licensed and insured. The Initiative agrees that it is the responsibility of the Initiative to obtain and keep on file the insurance certificates for such contractors.

## **B. Administration**

1. All Initiative representatives, in fact, will be acting as functionaries of MFi (not of the individual Initiative) and will disclose in all solicitations that they are a Medfield Foundation Inc initiative. All flyers, publicity and written materials will reference that your fund is a Medfield Foundation Inc Initiative.
2. All flyers, publicity and written materials need to be approved in advance of use by the then president of the MFi, or his/her designee.

3. For each fundraising event, the Initiative must maintain all financial records related to revenue and expenses. Submitting the P&L of the fundraiser to the MFi Treasurer within one week following the event.
4. MFi must issue 1099 forms to each service provider who is paid \$600 or more and is not a corporation. Please have each service provider who fits into this category complete a Form W-9. Submit each W-9 with the disbursement form to the Treasurer.
5. MFi will provide tax receipts in compliance with IRS regulations. You are responsible for any personalized thank you notes that you wish to give to donors, which also must be issued on behalf of MFi.
6. MFi is exempt from paying sales tax. When dealing with vendors, the Initiative should complete Part 2 of the ST-5 and submit it to the vendor with the ST-2 attached. These forms can be found on MFi's website in the community fundraising tools section.

**C. Financial**

1. MFi will accept checks made payable to MFi to be held on account at Rockland Savings Bank for the benefit of the Initiative. Deposits can be made by anyone to the MFi account by mail or by hand delivery to Rockland Savings, 76 North Street, Medfield, MA 02052. MFi will maintain a record of moneys held for the benefit of the Initiative, which will promptly be made available upon request.
2. The Initiative must supply the MFi with a list for each deposit, showing the date, donor name, address and amount of donation.
3. MFi historically has been run strictly by volunteers. While MFi makes every effort to minimize expenses, compliance and related costs are unavoidable and must be covered from the funds raised by MFi, including its constituent funds, just as they would be if a fundraising activity were conducted by each constituent fund under a separately established 501(C)(3) corporation. However, in contrast to the often prohibitive costs that a fundraising group may incur to comply with complex tax and fundraising laws by establishing their own nonprofit, MFi seeks to achieve "economies of scale" by avoiding redundancy and sharing these costs amongst its constituent funds in an equitable manner. To cover anticipated operating costs, 1% of each deposit is allocated as a contribution to operational overhead. This sum is supplemented by the interest income earned on Initiative balances held on account for short - term use (usually at a modest "savings bank" interest rate) and by an allocation of the income earned on long-term holdings (e.g. future scholarships). While MFi Directors hope that these two

mechanisms for allocating funds to cover anticipated overhead costs will be sufficient to satisfy its expenses, for obvious reasons the organization retains the right to make subsequent assessments if required to cover MFi 's reasonable and necessary operational costs and expenses. In the event that the annual overhead requirements of the MFi result in a supplemental overhead contribution, the Directors will notify the designated representatives of the constituent funds as soon as practicable of any such required supplemental overhead contribution. Such notice shall be given, in any event, reasonably in advance of drawing down funds from any constituent fund account to pay such expenses. If the Directors determine that due to ongoing operating costs an adjustment in the 1% overhead contribution rate from the constituent funds is necessary, following notice to the designated representatives of such Initiatives, the MFi Directors may equitably assess constituent funds as necessary to meet future MFi costs and expenditures. Upon request, the MFi Directors will share with the designated representatives of such constituent funds relevant information pertaining to the need for the additional overhead contribution.

4. Upon request, MFi will work with the Initiative to invest long-term deposits in an appropriate investment vehicle. Investment earnings on such vehicles are apportioned on a case-by-case basis between the Initiative and MFi's General Initiative which covers MFi's administrative expenses. For this purpose, long-term deposits are those which are expected to be held on account for two or more years without disbursement. An example of a long-term deposit is money held on account for a scholarship to be awarded more than two (2) years into the future.
5. Disbursement requests by the Initiative must be included for each MFi check requested and are to include proper substantiation (invoice, statement, etc.) and a full description of the expenditure. Payments will be made promptly by MFi following receipt of a valid disbursement request stating a satisfactory purpose directly related to the Initiative.
6. Two out of the three Initiative co-signers must sign all disbursement requests. Signatures must be consistent with those on file with MFi.
7. In accordance with IRS regulations, MFi reserves the right to replace any individual initiating a disbursement request for breach of fiduciary duty under Massachusetts law.

Initiatives failing to abide by the foregoing rules can cause undue recordkeeping burdens and can potentially jeopardize the nonprofit status of MFi in addition to causing MFi to incur unnecessary added overhead. In an effort to discourage these types of deficiencies, MFi reserves the right, in the event that any Initiative fails to abide by the foregoing rules, (a) to increase that Initiative's share of the overhead allocation provided for in paragraph C.3. above, or (b) to terminate that Initiative. Upon termination of a Initiative,

the MFi Directors will endeavor to apply the balance thereof in a manner consistent with the charitable mission of the terminated Initiative. However, MFi reserves the right to exercise its discretion in applying such balance towards other charitable purposes in accordance with MFi's organizing documents and IRS regulations.

**ALL CONSTITUENT FUNDS ARE REMINDED THAT THEIR FUNDRAISERS ARE ACTING SOLELY AS REPRESENTATIVES OF MFi IN CONDUCTING THEIR FUNDRAISING ACTIVITIES, AND SUCH REPRESENTATIVES MUST MAKE PROPER PUBLIC DISCLOSURE OF THIS IN ALL PUBLIC STATEMENTS AND ACTIVITIES PERTAINING TO FUND RAISING.**

**FURTHER, REPRESENTATIVES OF CONSTITUENT FUNDS MUST REVIEW ANY PLANNED FUND RAISING ACTIVITY IN ADVANCE WITH AN MFi DIRECTOR TO ENSURE COMPLIANCE WITH FUND RAISING LAWS.**