



**ASSOCIATION OF
FOUNDATIONS**

MEMBERSHIP GUIDELINES

Brief History

It was in 1971-72, when the need to organize a network of foundations became apparent, that the idea of professionalism in foundations operations was first discussed. At that time many foundations were suspected, rightly or wrongly, of being no more than tax shelters for the rich and a tool of unscrupulous businessmen for evading taxes. In order to protect the reputation of legitimate foundations, it was felt that the time had come for the foundations themselves to set standards and norms to regulate their operations.

Thus, the Association of Foundations (AF) was born. Its first act was to set stringent requirements for membership that went beyond those prescribed and demanded by the government regulating agency: the National Science Development Board (NSDB) now superseded by the Department of Science and Technology (DOST).

However, the 1980's saw a proliferation of NGOs (non-government organizations) in the country and it has become increasingly important for AF members not only to prove their legitimacy through a policy of transparency, but to strive for greater professionalization. Furthermore, in 1995, the Comprehensive Tax Reform Program was drafted which would have eliminated the donor's tax benefits (deduction of donations and exemption from donor's tax). Thus, AF, together with five other networks, lobbied for the retention of tax incentives and founded the Philippine Council for NGO Certification (PCNC). On January 29, 1998, a Memorandum of Agreement was signed between PCNC and DOF –BIR. On December 10, 1998, the Finance Secretary and BIR Commissioner signed the Implementing Rules and Regulations (RR-13-98).

Membership

The AF Board Committee on Membership is responsible for the screening of new applicants for membership, monitoring of the performance of member foundations, and supervision of membership related activities. For this purpose, it develops membership policies and procedures which are subsequently approved by the General Assembly.

By upgrading its membership requirements, the Association of Foundations assists its members in fulfilling their commitment to their donors, partners and clients, and the general public as a whole. AF improves the capacities of its members to deliver innovative, quality programs for Philippine development, consistent with the highest professional and ethical standards. Therefore, all members of the Association of Foundations must subscribe and abide by the following:

- a. The AF Statement of Principles (please see page 3)
- b. The Code of Ethics for Social Development Organizations (CODE-NGO) as revised in November 2001 and its Implementing Rules and Regulations as approved November 2003 (please see pages 4-6)
- c. Preferably PCNC-Certified

Requirements for Membership

1. Membership is open only to private, non-stock, non-profit organizations where no part of its income is distributable as dividends to its members, trustees, or officer and is duly registered with the Securities and Exchange Commission (SEC). A substantial portion of their income must be devoted to social services and development, scientific, educational, charitable, and/or activities serving the common welfare.
2. The organization must be created NOT for the financial benefit of its Founders or its members.
3. The percentage of administrative/overhead cost in relation to the total revenue/income of the fiscal year should in no way exceed 30% in compliance with government requirements.
4. The organization must have a physical office space where business is conducted. A grantmaking foundation must have at least one responsible operating representative. An operating organization must have an appropriate professional staff.
5. The Board should be an independent, volunteer body. It is responsible for policy setting, governance, fiscal guidance and should regularly review the organization's policy, programs and operations.
6. The organization must have been in operation for at least one full year, to prove that its projects are geared towards fulfilling its stated mission and goals.
7. Membership in AF is of two kinds:
 - a. ASSOCIATE – open to all foundations that have been in active operation for at least one year but less than 3 years. Associate members may also be members who have passed the minimum requirements of the AF application process but whose programs and activities are more inward-directed than serving an external community or the general public. They shall be entitled to all privileges except that their representatives are not eligible to participate in the election of the AF Board of Trustees.

Associate members may request for regular status by submitting a formal letter of request to the Membership Committee. The Committee will review the Associate Member's compliance based on the Member Report Card and endorse for approval to the Board of Trustees.
 - b. REGULAR – open to all foundations that have been in active operation for at least three years and can satisfy all other membership requirements. Representatives of regular members shall be entitled to all membership privileges and their official representatives are eligible to participate in the election of the members of the AF Board of Trustees (e.g., nomination, voting and election into office) subject to other eligibility requirements.
8. An associate member may be upgraded to regular membership on the following terms:
 - a. Regular payment of annual dues.
 - b. Regular submission of annual report and audited financial statements.
 - c. Regular submission of the General Information Sheet (GIS).
 - d. Attendance to ALL General Assemblies.
 - e. Letter of intent to be upgraded to regular membership.

Fees / Dues

Aside from a one-time processing fee of P1,000 for applicants, all members shall be charged annual dues. AF has adopted a system of socialized dues based on the organization's assets using the scheme below:

<u>Assets</u>	<u>Dues</u>
1 million and below	1,500
Over 1 m to 5 m	3,000
Over 5 m to 10 m	4,500
Over 10 m to 20 m	6,000
Over 20 m to 50 m	8,000
Over 50 m to 100 m	10,000
Over 100 million	12,000

Assessment of membership dues is on an annual basis and conducted in reference to the latest audited financial statements submitted by members.

Membership Policy

A member to be considered in good standing should abide by the following:

1. prompt payment of its annual dues
2. regular submission of latest annual report and/or program of activities
3. regular submission of audited financial statements stamped and signed "RECEIVED" by the Bureau of Internal Revenue (BIR) and the Securities and Exchange Commission (SEC)
4. regular submission of the annual General Information Sheet (GIS) stamped and signed "RECEIVED" by the Securities and Exchange Commission (SEC)
5. regular attendance in AF General Assemblies



HOW TO BE A MEMBER OF THE ASSOCIATION OF FOUNDATIONS

PROCESS FLOW

