

The Governance Structures of Community Foundations - Country Report POLAND

Introduction

Not unlike other charitable organizations in Poland, community foundations may be established as an association, or as a foundation. Of the first 12 community foundations which have been set up in Poland in 1998-2001 (under a program run by the Academy for the Development of Philanthropy in Poland), 5 are foundations and 7 are associations.

Under Polish law, an association is a voluntary, self-established organization designed to operate on a non-profit and long-term basis. It takes a minimum of 15 individuals (natural persons) to set up an association. Organizations that are legal entities, such as businesses and local governments, may be members. The responsibilities and powers of association members are defined in an association's statutes. An association can not accept capital gifts from government authorities.

A foundation is a legal entity with defined assets, which are utilized on a non-profit basis to support a public cause which must be consistent with state interests (*"formally personalized assets whose designation and form of utilization is decided by the founder, as defined in the Statutes"*). Foundations are set up solely to pursue public or economic objectives which are in line with the interests of the Republic of Poland. Both natural and legal persons may be founders provided that they have made an asset contribution. The amount of those assets is not prescribed (except when a foundation intends to engage in business activities – then assets must exceed 1,500 Polish zlotys).

Regarding their fiscal treatment, the income of foundations and associations is exempted from the corporate income tax as long as their activities are charity-related (as defined by the Tax Law, e.g. education, culture, sports, public health, welfare, etc). Donors to community foundations enjoy the right to a tax break of up to 10%, resp. 15% of their pre-tax income.

In order to ensure that a community foundation is independent, impartial, representative, diversified in scope, transparent, and credible in its financial dealings and decision-making, whether a foundation or an association, it must make specific provisions in its statutes and establish clear rules and procedures to define how grants will be made, decisions taken, assets invested towards the endowment fund, etc. Both the Foundations Law and the Associations Law impose specific requirements on organizations to ensure transparency of leadership election and related decision-making processes. All formally registered organizations are required to define such processes in their statutes.

The Governing Bodies of Polish community foundations

The General Meeting of members is the supreme governing body of an association. The Executive Board has to be audited by an Audit Committee (the name itself is not binding but is widely used in most cases). Members of the Executive Board may not sit on the Audit Committee. The General Meeting may, at its discretion, resolve to set up a Community Foundation Board of Trustees with specific responsibilities, e.g. to review grant proposals. Ultimately, the Executive Board makes all grant decisions, but it is then evaluated by the General Meeting. The Executive Board and the Audit Committee may be term-elected.

In foundations, the Executive Board makes all the decisions (it is the only obligatory governing body under the Foundations Law; other bodies are optional). General election procedures, as well as responsibilities and powers are defined in the Statutes. Other bodies may be created in the Statutes such as audit committees, review committees, and Program Boards. All these bodies may be term-elected.

THE FOUNDATION MODEL

FOUNDERS ASSEMBLY

The group of founders (individuals and legal entities) constitutes this self-appointed entity whose members sit as a rule on the Program Board.

re: Mission and Vision

- establishes the foundation
- determines the foundation's objectives
- approves annual reports

re: Board Composition

- appoints the first Executive Board and the Program Board

re: Implementation

- controls the work of the Executive Board

EXECUTIVE BOARD

The Executive Board represents the community foundation vis-à-vis third parties. It makes decisions within delegated authority and is primarily responsible for the day-to-day management and administration of the foundation.

re: Board Composition

- appoints the Program Board and Committees

re: Implementation

- makes all grant decisions
- implements the recommendations of the Program Board

PROGRAM / ADVISORY BOARD

From a legal point of view the Program Board is not required. However, it plays a key role in Polish community foundations: It maintains contacts with the community and the donors, it reflects the community and it guides and monitors the activities of the Executive Board.

re: Board Composition

- elects the director of the CF and supervises his work
- appoints committees and other advisory bodies

re: Policy Development

- takes strategic decisions
- develops CF's grant programs
- determines CF's policy
- approves policies and bylaws
- takes care of promotion

re: Implementation

- ensures the growth of the endowment capital
- fundraising
- supervises the work of the executive board

THE ASSOCIATION MODEL

GENERAL MEETING/ ASSEMBLY

The body is composed of individuals (legal entities can be only associate members). In many cases the General Meeting plays also the role of the Program Board (unless a separate body is appointed)

re: Mission and Vision

- Founder of the association

re: Board Composition

- Appoints the Audit Committee and the Executive Board

re: Policy Development

- Determines the policies of the association

re: Implementation

- Supervises the work of the executive board

EXECUTIVE BOARD

The Executive Board is appointed for a term. It represents the CF vis-à-vis third parties and is responsible for the actual management of the association.

re: Board Composition

- Appoints the Program Board and Committees

re: Implementation

- makes all grant decisions
- implements the recommendations of the General Meeting and the Audit Committee
- elects the director of the CF and supervises his work

PROGRAM / ADVISORY BOARD

From a legal point of view this Board is not obligatory. However, it has a crucial position in community foundations which are organized in the form of an association: It maintains contacts with the community and the donors, it reflects the community and it guides and monitors the activities of the Executive Board.

re: Mission and Vision

- approves bylaws

re: Board Composition

- appoints sub-committees and other advisory bodies

re: Policy Development

- determines CF's policy
- takes strategic decisions
- develops the community foundation's grant programs
- approves policies

re: Implementation

- ensures the growth of the endowment capital
- engages in fundraising and public relations

AUDIT COMMITTEE

The raison d'être of the Audit Committee is to create an independent body within the organization that guarantees due diligence of the funding procedures. The committee controls the work of the Executive Board, approves annual reports, including balance sheet, and approves the annual action plan and the budget.