

CHARITY SEAL LICENSE AGREEMENT

This Agreement is between the Better Business Bureau, Inc. of Cleveland, Ohio ("BBB") and _____ (Local Charity).

The BBB evaluates local charities for compliance with the BBB Wise Giving Alliance ("BBB WGA") charity accountability standards ("the Standards"). The BBB WGA is the national charity watchdog affiliated with the BBB system. The BBB is authorized to license the local charity seal, designed to assist donors in making informed giving decisions, to local charities that meet those standards. Local Charity is qualified for the Seal, seeks a license to use the Seal and accordingly agrees to the following terms and conditions:

1. Definitions.

A. Seal means the trademark owned by the Council of Better Business Bureaus, Inc. ("the Council") and as it may be modified from time to time. The Council is the national office of the BBB system.

B. Standards means the current BBB WGA Standards for Charity Accountability as they may be modified from time to time.

2. License.

A. The BBB grants Local Charity a nonexclusive, non-assignable and nontransferable license to use and display the Seal as described in Paragraph 3.

B. Local Charity agrees to use the Seal only as set forth in this Agreement. Nothing in this Agreement, or in Local Charity's use of the Seal, will give Local Charity any right in the Seal, or in any similar marks, beyond the right granted in this Agreement.

3. Use of Seal.

A. Placement. Local Charity may display the Seal in transient advertising and solicitations, to include newspaper advertisements, periodicals, billboards, posters, direct mail appeals, flyers and television, and in annual reports and letterhead. Local Charity may also install the Seal anywhere on Local Charity's primary World Wide Web site, on web sites where Local Charity advertises and in email provided the Seal clicks to a participation confirmation page as described in Paragraph 5 below. The Seal may not be used in telephone directories, permanent handbooks and manuals, on promotional items or in any other medium other than those specifically authorized by this Agreement.

B. Color. Local Charity may not vary the color of the Seal, except that use of a black and white version of the Seal is permitted.

C. Restrictions. *Reference* to the Seal, to meeting Standards or to the BBB in print (including contracts) or in any electronic media is prohibited without prior approval of BBB. Local Charity may, however, issue a press release(s) about its qualification for the Seal provided the press release(s) receives approval of the BBB prior to its dissemination.

4. Charity Responsibilities.

A. Local Charity agrees that it will continue to meet Standards throughout the term of this Agreement.

B. Local Charity agrees to provide BBB with the uniform resource locators ("URLs") where Local Charity shall display the Seal. If the URL changes, Local Charity must notify BBB of the new URL and of the URL of the web site that will no longer displays the logo, if appropriate.

C. Local Charity agrees to provide BBB samples of use of the Seal upon BBB request.

D. Local Charity agrees to furnish BBB upon its request and within the time requested such information as may be needed to determine Local Charity's continued compliance with all Standards, and to provide, within the time requested, an updated questionnaire used periodically to determine compliance with Standards.

5. BBB Responsibilities.

A. Upon Local Charity's signing of this Agreement and payment of fees, BBB will provide Local Charity with a digital version of the Seal for use in non-electronic media. BBB will also provide Local Charity with access information to digital versions of the seal for Local Charity to download and install in electronic media, including the World Wide Web and email. BBB will maintain the technology to ensure the Seal clicks to a confirmation page. From the confirmation page, users may click directly to the Local Charity's BBB report.

B. BBB will provide Local Charity with an "Accredited Charity" plaque and decal for display at its primary place of business.

6. Fees.

Local Charity agrees to pay the annual Seal license fee prescribed by the BBB Board. The fee shall be due and payable within thirty days of receipt of invoice. Fees may be annually modified by BBB. Fees are non-refundable unless BBB terminates this Agreement under Paragraph 7D.

7. Term, Suspension and Termination.

A. Term. This Agreement remains in effect unless terminated as provided herein so

long as the annual license fee is timely paid.

B. Suspension. This Agreement and the license hereunder may be suspended by BBB

in its sole discretion if (i) Local Charity fails to provide BBB within the required time information that BBB may request to verify Local Charity's continuing compliance with Standards; or if (2) Local Charity fails to return within the time requested a completed questionnaire required for periodic compliance evaluations. This Agreement may also be suspended if, after receiving such information or questionnaire, BBB determines, in its sole discretion that there are substantial questions raised regarding Local Charity's compliance with Standards, and that BBB needs further time to determine such compliance.

C. Termination by BBB for cause. BBB may terminate this Agreement if (i) [BBB or BBB Foundation] determines at any time that Local Charity fails to meet all Standards; (ii) if Local Charity violates any other term of this Agreement; (iii) if Local Charity is declared insolvent or bankrupt; or (iv) if Local Charity merges with another charity. BBB will provide any termination notice in writing and will deliver it by facsimile and/or regular or electronic mail to Local Charity's address set forth below.

D. By BBB. BBB may terminate this Agreement on 30 days' written notice if BBB discontinues licensing the Seal for any reason.

E. By Local Charity. Local Charity may terminate this Agreement by written notice to BBB delivered by facsimile and/or regular or electronic mail to the address set forth below.

F. Responsibilities upon Termination. If either Party terminates this Agreement, Local Charity agrees to remove the Seal immediately from all electronic media, to discard promptly all materials bearing the Seal, and to cease future use of the Seal. BBB will reflect Local Charity's termination on the Seal's World Wide Web confirmation pages until Local Charity removes the Seal from all places where used on the World Wide Web.

8. Representations and Warranties.

A. Each Party represents and warrants that (i) it has the necessary power and authority to enter into this Agreement and perform its obligations hereunder; and (ii) its web site(s) do not infringe any third party intellectual property rights or otherwise violate any applicable laws or regulations.

B. Local Charity warrants that it is registered to solicit for charitable contributions with state and local governmental authorities wherever Local Charity engages in charitable solicitations if such registration is required.

C. Local Charity warrants that it is tax-exempt under 501(c)(3) of the Internal Revenue Code or is an organization conducting charitable solicitations.

9. Indemnification. Local Charity agrees to indemnify and hold the BBB, the Council and BBB WGA harmless against any loss, damage or expense, including reasonable attorney's fees, arising out of any third party claim alleging misuse by Local Charity of the Seal, or of any violation of the terms and conditions of this Agreement. Local Charity also agrees to indemnify and hold the BBB, the Council and BBB WGA harmless against any loss, damage or expense, including reasonable attorney's fees, with respect to all third party claims of any fundraising in connection with Local Charity's service(s) or charitable solicitations.

10. Limitation of Liability. Local Charity agrees it will not sue the BBB, the Council or BBB WGA for monetary damages on any matter concerning this Agreement.

11. Notices. Any written notice required or permitted to be delivered pursuant to this Agreement shall be in writing, shall be sent to the addresses below and shall be deemed delivered: (i) upon delivery if delivered in person; (ii) three (3) business days after deposit in the United States mail, registered or certified mail, return receipt requested, postage prepaid; (iii) upon transmission if sent via telecopier and the sender has a confirmation of successful transmission; (iv) one (1) business day after deposit with a national overnight courier; or (v) upon transmission if sent via e-mail and the sender has received a verification of receipt.

12. Assignment. The Parties agree this Agreement is non-assignable by either Party to any third party under any circumstances, including but not limited to merger, acquisition, sale or transfer by operation of law or otherwise. Local Charity understands that, if it is merged, acquired or consolidated with another charity, it must inform the BBB of this, and the new charity must qualify again for the Seal.

13. Relationship of Parties.

A. Local Charity is not, and shall not represent itself as an agent, representative, partner, subsidiary, joint venturer, or employee of the BBB, the Council or BBB WGA, nor can Local Charity represent that it has any authority to bind or obligate the BBB, the Council or BBB WGA in any manner or in any thing.

B. Nothing in this Agreement, or in the use of the Seal itself, shall confer any endorsement or approval of Local Charity by BBB, or the

BBB WGA. The Seal is intended only to convey that Local Charity meets Standards.

14. Entire Agreement/Modifications.

This Agreement embodies the whole agreement between the Parties and supersedes any prior Agreements, understandings and obligations between the Parties. BBB may modify this Agreement from time to time. BBB shall provide written notice of any modification to Local Charity, and Local Charity shall be deemed to have consented to the modification if Local Charity continues to use the Seal following receipt of such notice.

Local Charity:

Street Address: _____

City: _____ State: _____ Zip Code: _____
E-mail: _____ WWW Address _____

Name of Primary BBB Contact at Local Charity: _____

Title: _____ Phone _____ Fax _____

To Whom Should We E-mail the Online Charity Seal?

Name _____

E-mail _____

Name of Contract Signatory _____

Title _____

Signature: _____ Date: _____

BBB

2217 E. 9th St. – Suite 200
Cleveland, OH 44115

Name: David H. Weiss

Title: President

Phone No: 216-241-7678

Fax No. 216-861-6365

Signature: _____ Date: _____

Attachment A



Attachment B

Standards for Charity Accountability

PREFACE

The BBB Wise Giving Alliance Standards for Charity Accountability were developed to assist donors in making sound giving decisions and to foster public confidence in charitable organizations. The standards seek to encourage fair and honest solicitation practices, to promote ethical conduct by charitable organizations and to advance support of philanthropy.

These standards replace the separate standards of the National Charities Information Bureau and the CBBBs' Foundation and its Philanthropic Advisory Service that were in place at the time the organizations merged.

The Standards for Charity Accountability were developed with professional and technical assistance from representatives of small and large charitable organizations, the accounting profession, grant making foundations, corporate contributions officers, regulatory agencies, research organizations and the BBBs. The BBB Wise Giving Alliance also commissioned significant independent research on donor expectations to ensure that the views of the general public were reflected in the standards.

The generous support of the Charles Stewart Mott Foundation, the Surdna Foundation, and Sony Corporation of America helped underwrite the development of these standards and related research.

Organizations that comply with these accountability standards have provided documentation that they meet basic standards:

- In how they govern their organization,
- In the ways they spend their money,
- In the truthfulness of their representations, and
- In their willingness to disclose basic information to the public.

These standards apply to publicly soliciting organizations that are tax exempt under section 501(c)(3) of the Internal Revenue Code and to other organizations conducting charitable solicitations. The standards are not intended to apply to private foundations, as they do not solicit contributions from the public.

The overarching principle of the BBB Wise Giving Alliance Standards for Charity Accountability is full disclosure to donors and potential donors at the time of solicitation and thereafter. However, where indicated, the standards recommend ethical practices beyond the act of disclosure in order to ensure public confidence and encourage giving. As voluntary standards, they also go beyond the requirements of local, state and federal laws and regulations.

In addition to the specific areas addressed in the standards, the BBB Wise Giving Alliance encourages charitable organizations to adopt the following management practices to further the cause of charitable accountability.

- Initiate a policy promoting pluralism and diversity within the organization's board, staff, and constituencies. While organizations vary widely in their ability to demonstrate pluralism and diversity, every organization should establish a policy, consistent with its mission statement that fosters such inclusiveness.
- Ensure adherence to all applicable local, state and federal laws and regulations including submission of financial information.
- Maintain an organizational adherence to the specific standards cited below. The BBB Wise Giving Alliance also encourages charities to maintain an organizational commitment to accountability that transcends specific standards and places a priority on openness and ethical behavior in the charity's programs and activities.

STANDARDS FOR CHARITABLE ACCOUNTABILITY

GOVERNANCE AND OVERSIGHT

The governing board has the ultimate oversight authority for any charitable organization. This section of the standards seeks to ensure that the volunteer board is active, independent and free of self-dealing. To meet these standards, the organization shall have:

- 1. A board of directors that provides adequate oversight of the charity's operations and its staff.** Indication of adequate oversight includes, but is not limited to, regularly scheduled appraisals of the CEO's performance, evidence of disbursement controls such as board approval of the budget, fund raising practices, establishment of a conflict of interest policy, and establishment of accounting procedures sufficient to safeguard charity finances.
- 2. A board of directors with a minimum of five voting members.**

3. A minimum of three evenly spaced meetings per year of the full governing body with a majority in attendance, with face-to-face participation. A conference call of the full board can substitute for one of the three meetings of the governing body. For all meetings, alternative modes of participation are acceptable for those with physical disabilities.

4. Not more than one or 10% (whichever is greater) directly or indirectly compensated person(s) serving as voting member(s) of the board. Compensated members shall not serve as the board's chair or treasurer.

5. No transaction(s) in which any board or staff members have material conflicting interests with the charity resulting from any relationship or business affiliation. Factors that will be considered when concluding whether or not a related party transaction constitutes a conflict of interest and if such a conflict is material, include, but are not limited to: any arm's length procedures established by the charity; the size of the transaction relative to like expenses of the charity; whether the interested party participated in the board vote on the transaction; if competitive bids were sought and whether the transaction is one-time, recurring or ongoing.

MEASURING EFFECTIVENESS

An organization should regularly assess its effectiveness in achieving its mission. This section seeks to ensure that an organization has defined, measurable goals and objectives in place and a defined process in place to evaluate the success and impact of its program(s) in fulfilling the goals and objectives of the organization and that also identifies ways to address any deficiencies. To meet these standards, a charitable organization shall:

6. Have a board policy of assessing, no less than every two years, the organization's performance and effectiveness and of determining future actions required to achieve its mission.

7. Submit to the organization's governing body, for its approval, a written report that outlines the results of the aforementioned performance and effectiveness assessment and recommendations for future actions.

FINANCES

This section of the standards seeks to ensure that the charity spends its funds honestly, prudently and in accordance with statements made in fund raising appeals. To meet these standards, the charitable organization shall:

Please note that standards 8 and 9 have different denominators.

8. Spend at least 65% of its total expenses on program activities.

Formula for Standard 8:

$$\frac{\text{Total Program Service Expenses}}{\text{Total Expenses}} \text{ should be at least 65\%}$$

9. Spend no more than 35% of related contributions on fund raising.

Related contributions include donations, legacies, and other gifts received as a result of fund raising efforts.

Formula for Standard 9:

$$\frac{\text{Total Fund Raising Expenses}}{\text{Total Related Contributions}} \text{ should be no more than 35\%}$$

10. Avoid accumulating funds that could be used for current program activities. To meet this standard, the charity's unrestricted net assets available for use should not be more than three times the size of the past year's expenses or three times the size of the current year's budget, whichever is higher.

An organization that does not meet Standards 8, 9 and/or 10 may provide evidence to demonstrate that its use of funds is reasonable. The higher fund raising and administrative costs of a newly created organization, donor restrictions on the use of funds, exceptional bequests, a stigma associated with a cause and environmental or political events beyond an organization's control are among factors which may result in expenditures that are reasonable although they do not meet the financial measures cited in these standards.

11. Make available to all, on request, complete annual financial statements prepared in accordance with generally accepted accounting principles. When total annual gross income exceeds \$250,000, these statements should be audited in accordance with generally accepted auditing standards. For charities whose annual gross income is less than \$250,000, a review by a certified public accountant is sufficient to meet this standard. For charities whose annual gross income is less than \$100,000, an internally produced, complete financial statement is sufficient to meet this standard.

12. Include in the financial statements a breakdown of expenses (e.g., salaries, travel, postage, etc.) that shows what portion of these

expenses was allocated to program, fund raising, and administrative activities. If the charity has more than one major program category, the schedule should provide a breakdown for each category.

13. Accurately report the charity's expenses, including any joint cost allocations, in its financial statements. For example, audited or unaudited statements which inaccurately claim zero fund raising expenses or otherwise understate the amount a charity spends on fund raising, and/or overstate the amount it spends on programs will not meet this standard.

14. Have a board-approved annual budget for its current fiscal year, outlining projected expenses for major program activities, fund raising, and administration.

FUND RAISING AND INFORMATIONAL MATERIALS

A fund raising appeal is often the only contact a donor has with a charity and may be the sole impetus for giving. This section of the standards seeks to ensure that a charity's representations to the public are accurate, complete and respectful. To meet these standards, the charitable organization shall:

15. Have solicitations and informational materials, distributed by any means, that are accurate, truthful and not misleading, both in whole and in part. Appeals that omit a clear description of program(s) for which contributions are sought will not meet this standard.

A charity should also be able to substantiate that the timing and nature of its expenditures are in accordance with what is stated, expressed, or implied in the charity's solicitations.

16. Have an annual report available to all, on request, that includes:

- a. **the organization's mission statement,**
- b. **a summary of the past year's program service accomplishments,**
- c. **a roster of the officers and members of the board of directors,**
- d. **financial information that includes (i) total income in the past fiscal year, (ii) expenses in the same program, fund raising and administrative categories as in the financial statements, and (iii) ending net assets.**

17. Include on any charity websites that solicit contributions, the same information that is recommended for annual reports, as well as

the mailing address of the charity and electronic access to its most recent IRS Form 990.

18. Address privacy concerns of donors by

- a. providing in written appeals, at least annually, a means (e.g., such as a check off box) for both new and continuing donors to inform the charity if they do not want their name and address shared outside the organization, and**
- b. providing a clear, prominent and easily accessible privacy policy on any of its websites that tells visitors (i) what information, if any, is being collected about them by the charity and how this information will be used, (ii) how to contact the charity to review personal information collected and request corrections, (iii) how to inform the charity (e.g., a check off box) that the visitor does not wish his/her personal information to be shared outside the organization, and (iv) what security measures the charity has in place to protect personal information.**

19. Clearly disclose how the charity benefits from the sale of products or services (i.e., cause-related marketing) that state or imply that a charity will benefit from a consumer sale or transaction. Such promotions should disclose, at the point of solicitation:

- a. the actual or anticipated portion of the purchase price that will benefit the charity (e.g., 5 cents will be contributed to abc charity for every xyz company product sold),**
- b. the duration of the campaign (e.g., the month of October),**
- c. any maximum or guaranteed minimum contribution amount (e.g., up to a maximum of \$200,000).**

20. Respond promptly to and act on complaints brought to its attention by the BBB Wise Giving Alliance and/or local BBBs about fund raising practices, privacy policy violations and/or other issues.

Attachment C

Annual Licensing Fee Schedule

<u>Charity's Annual Revenue</u>	<u>BBB Licensing Fee</u>
up to \$500,000	\$75
\$500,001 to \$2,500,000	\$100
\$2,500,000 to \$10,000,000	\$250
more than \$10,000,000	\$500