



2010 Paradise Chocolate Fest  
Fund Distribution Policy  
Effective Date: 10/13/2009

*"The Paradise Chocolate Fest is dedicated to benefit non-profit youth organizations in our unique and charming community through the celebration of chocolate."*

### Introduction

The Paradise Chocolate Fest, by and through its Board of Directors, will disburse funds according to the following guidelines. Groups applying for funds should read the following carefully to determine whether they qualify for fund distribution and, if so, the best method to pursue possible funding. The Board of Directors reserves the right to amend this policy as it deems necessary to ensure the long-term financial stability of the fest, to meet a specific need, or to comply with provisions and requirements of state or federal law.

### Definitions

1. **"Non-profit youth organizations"** – Any group organized and recognized by the State of California and the Internal Revenue Service as a tax exempt non-profit organization that, as one of its identifiable missions, serves youth on the Paradise Ridge in some capacity.
2. **"Youth"** – Under 18, or if 18 – must be enrolled in high school.
3. **"Operating Reserve"** – A fund allocation to maintain the short-term (year to year) viability of the Paradise Chocolate Fest.
4. **"Foundation Reserve"** – A fund allocation for long-term viability of the Paradise Chocolate Fest and to establish a fund base from which interest can accrue and eventually be distributed to qualified groups.
5. **"Grant Reserve"** – A fund allocation taken from Distributable Funds of the Paradise Chocolate Fest to fund specific programs and entities regardless of their actual participation in the fest's Volunteer Equity Program.
6. **"Distributable Funds"** – Net proceeds of the Paradise Chocolate Fest and all activities related to or held in the name of the Paradise Chocolate Fest after all expenses are paid and excluding any funds the Board of Directors sets aside for specific purposes, which may but need not include: a foundational reserve, an operating reserve, and a grant fund reserve.
7. **"Volunteer Equity Program"** – A program used in many other festivals to allocate and apportion funds to qualified organizations based on the number of hours contributed by their volunteers multiplied by the calculated hourly rate for the fest.
8. **"Volunteer"** – Any member of the general public who donates his or her time at one of the following events: Chocolate Thunder, Queen Coronation Dinner, Evening of Chocolate & Wine, or the Fest Day. Those supporting queen candidates are not considered "volunteers" for the purpose of fund allocation under the Volunteer Equity Program.
9. **"Hourly Rate"** – The hourly rate attributed to each volunteer will be determined by dividing the net Distributable Funds by the total number of qualified volunteer hours.

## Policies

1. In determining distributable funds of the Paradise Chocolate Fest, the Board will exclude all operating expenses for the entire calendar year of the fest (through December 31st). Expenses not yet incurred but anticipated, including but not limited to salaries, will be treated as if incurred by the end of the fest.
2. The Board will establish and maintain three (3) fund reserves: Operating, Grant, and Foundation.
3. The Operating Reserve will be funded to the level of the anticipated expenses of the corporation for six (6) months. The Board, by resolution, will set the amount of the reserve on an annual basis and if funds are "borrowed" from the reserve for any reason, the reserve will be replenished as soon as practicable.
4. The Foundation Reserve will be funded annually with an amount or percentage determined by the Board by resolution.
5. Unless and until both the Operating Reserve and Foundation Reserve are fully funded, there will be no further funds available for distribution. Once the Operating and Foundation reserves are fully funded, the Board will determine the Distributable Funds available for distribution to qualified organizations and will make this information generally available by June 30th each year.
6. The Grant Reserve will be funded with a percentage of net funds from the Paradise Chocolate Fest. The Board, by resolution, will determine either the dollar amount or the percentage to be allocated to the Grant Reserve on or before June 30th. Applications may be accepted for grant funding on or after July 1st and will remain open until funds are exhausted, after which applications will remain closed until after the next Chocolate Fest. Applications submitted after funds are exhausted must be to be resubmitted to be considered for the following grant cycle.
7. After the three reserves have been funded, the net Distributable Funds will be allocated to qualified and approved organizations based on the hourly rate multiplied by the number of qualified hours (the Volunteer Equity Program).
8. Any organization that qualifies as a "non-profit youth organization" under the broad definition provided above may apply for either the Grant or Volunteer Equity Program by completing the form provided within the time frame detailed herein. However, mere qualification under the broad definition above does not guarantee approval by the Board, which retains the absolute right to decline to fund any application and no reason need be given for such denial.
9. If an organization who serves both youth and adults applies for funding, they will be required to indicate which youth-serving program will benefit from funding and how funds will be separated from funds for general usage.
10. In order to benefit as many youth organizations as possible, qualified organizations participating in the Volunteer Equity Program may have their number of qualified hours capped. If hours are capped, volunteers will be given the opportunity to select an alternative organization to whom they wish to credit their hours.
11. Any organization receiving funds either through the Grant or Volunteer Equity Programs will be required to complete a Fund Usage report prior to December 31st to be eligible to participate in the following year's fund distribution.
12. For now, it will be the policy of the Paradise Chocolate Fest to only fund organizations; individuals with specific needs must be "sponsored" by a qualified organization to apply for funding.
13. Paradise Chocolate Fest Board members and/or committee members may allocate up to 20 hours to a qualified organization.
14. Queen candidates may only allocate time spent volunteering at Fest events to a qualified organization; any such hours will be capped in the same manner as Board and Committee member hours (20). All other funds raised by queen candidates will be pooled and distributed according to the formulae described above.

15. The Board will follow the following time frame for fund distribution:

- a. June 1st – Applications open for following year's Paradise Chocolate Fest Volunteer Equity Program
- b. March 15<sup>th</sup> - Applications close for Volunteer Equity Program. If additional volunteers are needed, organizations that have previously been approved will be given the opportunity to send additional volunteers.
- c. May 31st – Gross proceeds of the Chocolate Fest will be determined. Funds received after this date will be placed into one of the reserves and not counted towards the Volunteer Equity Program.
- d. June 30th – The Board will allocate funds to the Operating and Foundation Reserves and determine the amount to be allocated between the Grant Reserve and net Distributable Funds to be distributed pursuant to the Volunteer Equity Program
- e. July 1st – Applications open for funding from the Grant Reserve.
- f. July 31st – All funds allocated to the Volunteer Equity Fund to be paid by this date.
- g. December 31st – Report of fund usage by recipient organizations due by this date.