

# AFFILIATION AGREEMENT

## 1. Purpose of Agreement

This Affiliation Agreement (Agreement) between Sound Generations (SG) and **Sno-Valley Senior Center** documents the organizational relationship and mutual obligations of both parties with respect to the provision and management of senior center programs and administrative services.

## 2. Organizational Structure

2.1 SG is a non-profit corporation established under the laws of the State of Washington. SG provides a broad range of supportive and community-based services to individuals over the age of 50 and younger adults who are disabled.

2.2 SG offers administrative services to senior centers that wish to benefit from the advantages of a larger organization with the ability to provide professional financial, human resources, information technology, website hosting, marketing, and purchasing of insurance, supplies, and other goods and services at favorable rates.

2.3 Senior centers that choose to affiliate with SG may apply for or maintain non-profit status under the laws of Washington.

2.4 SG governance will include representation of affiliated senior centers in the decision-making process.

2.4.1 The membership of the SG Board of Directors will include three senior center board representatives.

2.4.2 The SG Board of Directors will establish a Senior Center Committee. Membership will include one representative of each senior center Board.

## 3. Responsibilities of Sound Generations

### 3.1 Finance and Accounting Services

- 3.1.1 SG will provide comprehensive financial management services that include an organization-wide accounting system and procedures, monthly and annual financial reports, internal controls, and annual financial audits.
- 3.1.2 SG will establish procedures and provide training to senior center staff in order to assure that all senior center funds, assets, liabilities, bank accounts, revenues, and expenses are fully and completely recorded in the SG accounting system. This includes senior center endowment and Board restricted funds.
- 3.1.3 SG will file an annual group 990 with the Internal Revenue Service for affiliated senior centers. A senior center may request preparation of an individual 990 at its own expense.
- 3.1.4 SG will provide insurance coverage at favorable rates for all affiliated senior centers. This includes property insurance; general, professional, auto, directors and officers, and employee benefit liability insurance; and crime bond and umbrella coverage.

## 3.2 Budget Development and Management

- 3.2.1 SG will establish an annual budget process for all organizational programs, including senior centers.
- 3.2.2 SG reserves the right to charge senior centers for administrative overhead expenses. If SG determines that it is necessary to charge for administrative overhead costs, the methodology for establishing the rate will be communicated as a part of the budget development process.
- 3.2.3 As available funds allow, the SG Board of Directors may allocate discretionary dollars to senior centers. This allocation will be incorporated into the annual budget process.

- 3.2.4 Senior centers will be accountable for operating within their budgets. Each senior center's finance committee agrees to review the center's financial statements on a monthly basis. If the report shows a deficit, the Finance Committee Chair or the Chair of the Senior Center Board agree to send an e-mail to the Director of Finance and Administration for Sound Generations verifying that the Board reviewed the report and is aware of the deficit.

Unfavorable variances exceeding 10% of the total budget for a quarter will require the development of a remedial plan by the management of the senior center. Such a plan will be submitted within 45 days of the financial report indicating the deficit. SG will review and approve the plan. If the plan is not acceptable, SG will initiate a joint review in conjunction with the senior center board in order to agree on remedial action.

SG reserves the right to take unilateral action if the center and SG are unable to agree on a plan.

- 3.2.5 SG and affiliated senior centers agree to settle budget surpluses and deficits on a year-end basis. Reconciliation will occur no later than 30 days following the availability of SG's annual financial statements. Payment of surpluses and deficits will be made no later than the end of the first quarter following the end of the year for which the surplus or deficit was incurred.

If an adjustment is necessary due to the audit process, an additional reconciliation statement will be issued by the end of the month following the audit, with payment due within 30 days.

- 3.2.6 Disagreement regarding the reconciliation will be negotiated between SG and the senior center board. Failure to come to agreement will be resolved through the dispute resolution process set forth in Addendum B.

### 3.3 Human Resources Management

- 3.3.1 SG will be responsible for employing all senior center staff. This includes hiring, evaluating, and terminating staff according to personnel policies established by SG.
- 3.3.2 Compensation will be based on SG's salary and benefit plan. Payroll administration will be provided by SG for all employees.
- 3.3.3 Senior centers will be managed and supervised by senior center directors. Directors will be selected and evaluated by the SG CEO or his/her designee with the involvement and input of center boards. Directors will be responsible for selecting and managing subordinate staff.
- 3.3.4 SG will develop hiring, performance evaluation, and termination processes for center directors that include participation by center boards.

#### 4. Responsibilities of Affiliated Senior Centers

- 4.1 Senior centers with independent non-profit status will adopt By-Laws recognizing the subsidiary relationship of the center board to the SG Board of Directors. The language to be incorporated in center by-laws is provided by Addendum A of this agreement.
- 4.2 Senior center boards will participate in SG governance and decision-making by designating a representative to the SG Senior Center Committee.
- 4.3 Senior center boards will follow all procedures established by SG to ensure the appropriate accounting of all funds, including senior center-specific funds such as endowment and board restricted funds.
- 4.4 Senior center boards will participate in SG hiring and budget processes as established by SG personnel policies and budget development procedures.
- 4.5 Senior center boards will participate in developing a plan to address any deficits incurred by a center in excess of 10% of the center's total budget on a quarterly basis.

Senior Center boards have fiduciary responsibility for their center. Each center shall be responsible to repay Sound Generations for any deficits incurred by their Center.

- 4.6 Senior center boards that own real property, including the facility used by the senior center, will be responsible for all maintenance and reserves necessary to preserve the continued safe operation of the facility or other real property.
  - 4.7 Senior center boards will work with center directors to assess the needs of their communities and develop and implement programming to address these needs. In addition, center boards acknowledge their responsibility to represent the center to the community at large as well as to lead efforts to raise funds to support their senior centers.
5. Mutual Responsibilities of Sound Generations and Affiliated Senior Centers
- 5.1 SG and affiliated centers will coordinate fundraising and grant development in order to assure that the efforts of both are as effective as possible in obtaining resources to support senior programs. The Resource Development Department will establish procedures to coordinate all fundraising and grant development efforts consistent with SG fund development policies. This will include the development of a quarterly grant calendar. Centers agree that their fundraising efforts will adhere to these procedures.
  - 5.2 SG and affiliated centers will work closely together to advocate on behalf of the senior population as a whole as well as the programs of SG and affiliated senior centers. Senior centers agree to notify SG when undertaking advocacy efforts for their centers. Senior centers will not advocate for any position in conflict with or opposition to a stated policy or position of SG.
  - 5.3 Communication

- 5.3.1 SG and affiliated centers will strive to maintain open lines of communication through regular meetings to share information and coordinate joint projects. Both parties acknowledge the need to assume good faith on the part of both as well as work to identify and resolve conflicts as they arise.
- 5.3.2 If a disagreement arises that cannot be resolved in negotiations between a senior center and the SG CEO, the issue may be elevated to the SG Board of Directors.
- 5.3.3 Should a good faith attempt at reaching agreement not be successful, SG and affiliate centers agree to follow the dispute resolution process as set forth in Addendum B to this agreement.

6. Termination of this Affiliation Agreement

- 6.1 Both parties have the right to terminate this agreement for any cause. Advance notice of 60 days of the intent to terminate the agreement is required unless both parties mutually agree to a different date.
- 6.2 The right to terminate this agreement is not dependent on any requirement to negotiate, mediate, or arbitrate the decision of the initiating party.

By  Date 7-16-18  
Sound Generations Chief Operating officer  
GERALD A. SPRUE, PRESIDENT

By  Date 7-10-18  
Center Director