

# Community Foundation

Serving West Central Illinois & Northeast Missouri

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www.mycommunityfoundation.org

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## Grant Policy and Guidelines

To effectively fulfill its philanthropic responsibilities within the limits of its resources, the Community Foundation's grants program will operate in accordance with the following policy and guidelines.

### POLICY

#### Section 1 - Eligibility

##### Eligible Organizations

The Community Foundation will consider grant requests from:

- 1) Nonprofit organizations that are recognized as exempt under Section 501(c)(3) of the IRS Code
- 2) Governmental entities applying for grants that are exclusively for public and charitable purposes
- 3) Religious organizations as defined in Section 170(b)(1)(A) of the IRS Code

Eligible organizations are further defined in Section 170(c)(1) and 170(c)(2) of the IRS Code.

Staff will verify the charitable status of the organization using IRS Publication 78, IRS List of Charitable Organizations, and/or Guidestar Charity Check.

If an organization is a governmental entity, it must submit written confirmation that it is a unit of government. This confirmation might include, but is not limited to, a copy of the legislative act creating the entity or a letter from an authorized government official confirming the status.

If the above methods do not verify status, the organization's application may be disqualified.

##### Fiscal Sponsor

The Community Foundation will also consider grant requests from non-eligible organizations when the grant is for a charitable purpose. When a grant to an organization not recognized as eligible is made, the Community Foundation assumes the responsibility to assure that grant funds are used solely for charitable purposes. The term 'Charitable Purpose' is further defined in the Due Diligence section.

An organization that does not meet the eligible organization criteria must submit the grant request under the umbrella of a 501(c)(3) organization who has agreed to be the "Fiscal Sponsor" for the grant request. A 501(c)(3) organization that agrees to serve as a Fiscal Sponsor on a grant request must comply with the following list of responsibilities.

Responsibilities of a fiscal sponsor include, but are not limited to:

- 1) Be the applicant of record and sign the application form.

- 2) Enter into a letter of agreement with the sponsored organization outlining and stipulating the terms of the relationship between fiscal sponsor and the sponsored organization.
- 3) Complete all required forms and enter into a contractual agreement with the Community Foundation for the receipt of the grant funds, and provide a copy of the letter of agreement entered into with the sponsored organization.
- 4) Receive the funds from the Community Foundation.
- 5) Maintain accurate and up-to-date records of the receipt of the funds in accordance with the grant agreement.
- 6) Disburse the funds to the sponsored entity as warranted and agreed to by the terms of the letter of agreement that exists between the fiscal sponsor and the sponsored organization.
- 7) Maintain an accurate and up-to-date accounting of expenditures and income for the project.
- 8) Submit a final grant report of overall expenses and income for the project (all sources) to the Community Foundation within the time period stipulated in the grant agreement.
- 9) Reimburse the Community Foundation for any grant funds disbursed which are not spent according to the stipulations of the grant contract.
- 10) Undergo a fiscal review of financial records pertaining to the grant by the Community Foundation if such review is deemed appropriate.
- 11) List all fees charged by the fiscal sponsor to the grant seeker.

If the above criteria are not met, the organization's application may be disqualified.

## **Section 2 - Charitable Interests and Areas of Funding**

The Community Foundation's charitable interests lie in the fields of arts and culture, community betterment, education, health, and human services. The Community Foundation's primary focus and support encompasses the following counties: Adams, Brown, Hancock, and Pike in Illinois; Clark, Lewis, Marion, Ralls, Pike, Knox, Shelby, and Monroe in Missouri.

### 1. ACTIVITIES CONSIDERED FOR SUPPORT:

- Programs and projects in arts and culture, community betterment, education, health, and human services that serve a broad sector of the community, are innovative, and are responsive to changing community needs
- Programs and projects that will enable nonprofit and charitable agencies to reduce costs, increase efficiency, and move toward self-sufficiency
- "Seed Grants" to initiate promising new projects and programs so that such projects and programs are able to demonstrate their usefulness to the community
- Programs and projects that address and help resolve important existing or emerging community issues
- Programs and projects that support new and creative projects and people offering the greatest opportunity for positive and significant change
- Programs and projects that facilitate cooperation and collaboration among organizations
- Programs and projects that identify, enhance, and expand leadership in the community through the support of charitable activities that empower individuals
- Programs and projects that improve the quality or scope of charitable works in the community
- Operating support and capital expenditures

### 2. ACTIVITIES GENERALLY NOT CONSIDERED FOR SUPPORT:

- Endowment and annual fund drives, budget deficits, and debt reduction

- Multi-year grants
- National fundraising efforts
- Sponsorships for fundraising or for-profit events or recurring events
- Grants for political campaigns or organizations that directly or indirectly participate in them

### 3. OTHER CHARITABLE SUPPORT:

- The Community Foundation may also support charitable projects in the community or award scholarships; in these cases there are specific policies and procedures which the Community Foundation follows to assure charitable purposes are met and that compliance with all regulations are met.

## **Section 3 - Due Diligence**

“Due diligence” is the process of review and assessment of a potential grant that is the basis for accepting or declining the grant. The primary purpose of due diligence is to ensure that grants are made for purposes that are consistent with IRS regulations (i.e., charitable purposes) and that the organization receiving the grant is both legitimate and capable of carrying out the purpose for which the grant is intended.

All grants made by the Community Foundation shall be for charitable purposes. While there is no comprehensive legal definition of the term “charitable,” the IRS describes charitable purposes as follows: *“The term ‘charitable’ is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion, advancement of education or science; erection of public buildings, monuments or works; lessening the burdens of government; lessening of neighborhood tensions; elimination of prejudice and discrimination; defense of human and civil rights secured by law; and combating community deterioration and juvenile delinquency.”*

The IRS recognizes a far wider range of charitable organizations than is contained in the above definition, notably those in the areas of the arts and environmental groups. As a broad guideline, charitable activities generally are those that benefit whole classes or large groups of individuals or communities, involve no personal or private financial benefit, and do not involve lobbying or electioneering.

### **Due Diligence Procedures**

In awarding grants the following procedures are utilized to ensure that funds are used to meet donors’ intent. The due diligence process for grant review includes:

#### **For Competitive Grants:**

##### **Procedures for Unrestricted and Field of Interest Funds:**

1. Submission of the application, forms and documentation that responds to the Community Foundation’s requirements for competitive grants. (This includes but is not limited to a copy of the organization’s most recent annual financial statement and current board list.);
2. Review by Community Foundation staff and Grant Committee, Advisory Committee, or Fund Council with written recommendations for official action by the Board. The review process for competitive grants uses the Community Foundation’s grant review criteria to evaluate proposals.

3. Site visits are conducted as determined appropriate and made at the discretion of the Grant Committee.
4. Organizations awarded competitive grants must sign a grant agreement and submit reports on the grant project and on the use of grant funds to the Community Foundation.

**For Noncompetitive Grants:**  
**Procedures for Donor Advised Funds:**

1. Grant recommendations from donor advisors shall be submitted on the approved Community Foundation form, or an equivalent containing the same information, and shall be signed by the donor advisors. The forms shall contain language verifying that the donor is not making the recommended grant as a means of fulfilling a pledge and that no tangible benefits, goods, or services of value will be received as a result of the grant.
2. Review of donor advised forms shall be conducted by Community Foundation staff as follows:
  - A. Verify that the recommended grant is consistent with the donor agreement;
  - B. Verify that the recommended grant is for a charitable purpose; and,
  - C. Verify a grantee organization's status as a 501(c)(3) organization, governmental entity, or religious organization is on file with the Community Foundation.
3. Donor advised grants to an organization that does not meet 2c above will be required to obtain a fiscal sponsor, as outlined in the fiscal sponsor section of these policies and guidelines.
4. Donor advised grants to organizations outside of the United States will be considered on a case by case basis and require a separate due diligence process.

All grant notifications shall be made by letter from the Executive Director. The letter and/or grant agreement shall state the grant purpose.

**Procedures for Designated and Agency Funds:**

Distributions are determined by the Board of Directors and made annually based upon earnings to the designated agencies.

## **Section 4 - Grant Guidelines**

The grant guidelines of the Community Foundation represent the specific processes, requirements and restrictions utilized to carry out its practice of awarding grants to applicant organizations.

1. As previously stated in these policies and procedures, grants will be made to support projects and programs to eligible organizations (see Section 1) whose projects or programs directly benefit the citizens of the Community Foundation's geographic area of interest. The Community Foundation may also support charitable projects in the community or award scholarships; in these cases there are specific policies and procedures which the Community Foundation follows to assure charitable purposes are met and that compliance with all regulations is met.
2. Competitive grant requests are reviewed by the Community Foundation's Grant Committee which is made up of members of the Board of Directors and community members or by Advisory Committee or Fund Council appointed by the Community Foundation. Reviews and recommendations are then presented to the Board of Directors.
3. The Board of Directors must provide final approval of all grants made by the Community Foundation. The Executive Director may approve any grant in the amount up to and including

\$2,500 and approve all Donor Advised Fund grant recommendations, excluding competitive grants, without first obtaining Board consent provided that grants are:

- Consistent with the mission and purpose of the Community Foundation.
- Consistent with the purpose of the fund.
- Meet due diligence requirements
- Do not require expenditure responsibility.

The Board must ratify grants approved by the Executive Director at its next regularly scheduled meeting. All competitive grants require pre-approval by the Board.

4. Grants will be made to support projects and programs of organizations that prove to be fiscally responsible by providing tangible proof of adequate accounting procedures.
5. No grants will be made solely to individuals but can be made for the benefit of certain individuals for such purposes as scholarships and special programs through educational institutions and other sponsoring recipient organizations.
6. Multiple grants to the same organization are acceptable.
7. Recurring grants for the same program are acceptable, but not to be encouraged.
8. No grants will be made specifically for sectarian religious purposes but can be made to religious organizations for general community programs.
9. No grants will be made for projects, programs, and/or equipment that were completed or acquired prior to grant funds being awarded.
10. Grantees or fiscal sponsors are required to submit final grant evaluation reports as outlined by the Community Foundation's policies and guidelines.
11. The Board reserves the right to consider individual requests at any regularly scheduled meeting.

## **Section 5 - Grant Evaluation Criteria**

In reviewing grant proposals, the Community Foundation generally utilizes the following evaluation criteria.

1. Is there an established need or opportunity for the project or program for which the grant is requested?
2. Is it appropriate for the Community Foundation to make a grant for the requested purpose, or are there other more compatible sources for potential funding?
3. Does the Community Foundation have adequate resources to effectively respond to this need?
4. Is it for the good of the community?
5. Grant applications which include partnerships and/or collaboration between two or more applicant organizations in carrying out the proposed project(s) are encouraged.

## **Section 6 - Conflict of Interest**

If a member of the Community Foundation's Board or Grant Committee sits on the Board or has a business or professional association with an organization applying for a grant, that person may participate in discussions about the organization's grant proposal, but cannot participate in a vote regarding the proposal.

Approved by Board of Directors 2'24'15

Updated and Approved by Grant Committee 2'10'15

Approved by Board of Directors 10'22'13

Updated and Approved by Grant Committee 10'10'13

Approved by Board of Directors 8'28'12

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