



<b>Scrivener Updates:</b> 10'2'18 JAB; 9'26'18 HER; 9'24'18 JAB; 7'17'18 HER, 10'01'2021 HER 10'1'22 CBM
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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.

### 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 Tax Exempt Organization Search (formerly 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.

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:

### **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.

### **Procedures for Donor Advised Funds:**

1. Grant recommendations from donor advisors shall be submitted on the approved Community Foundation form or through the Community Foundation's online grant recommendation software; and shall be signed or electronically submitted by the donor advisor(s). 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 grant recommendations 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. **(see International Grantmaking and Due Diligence Process)**

All grant notifications shall be made by letter or email from the Community Foundation staff. The notification 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.

### **Procedures for International Grantmaking and Due Diligence Process:**

1. Grants to international organizations without a 501(c)(3) determination letter from the United States Internal Revenue Service require further due diligence through Equivalency Determination or Expenditure Responsibility in order to ensure regulatory compliance under U.S. tax law. Before moving forward with either Equivalency Determination or Expenditure Responsibility, the Community Foundation will determine if the international organization is affiliated with a U.S. public charity or intermediary organization, as that is the most efficient option. Upon receipt of a grant recommendation, Community Foundation staff will contact the recommended organization. Assistance from the organization is critical in helping Community Foundation staff efficiently evaluate and process the recommended grants. Our goal is to receive all documents and approve grants to each organization within 90 days.
2. Equivalency Determination: During this process, the Community Foundation will request documents from the organization's staff to determine whether the organization is the equivalent of a U.S. 501(c)(3) public charity. All documents must be submitted in English and the length of the due diligence process will depend on the nature of each organization or institution and its ability to provide the necessary paperwork.
3. Equivalency Determination Documentation Needed from International Organization:
  - a. Completed and signed affidavit (Affidavits may only be signed by institution signatories.)
  - b. Complete governing documents, by-laws and/or other establishing documents

- c. Law/provisions guiding distribution of grantee's assets upon dissolution (unless included in governing documents or by-laws)
  - d. List of board members and key employees
  - e. Public Support Schedule and Major Donor Schedule (NOT required for a public hospital, school or church or other government-related entity)
  - f. Copy of Foreign Contributions Regulation Act (FCRA) for Indian organizations
4. **Expenditure Responsibility:** This process is required for grants to an organization that is not considered a public charity but operates charitable projects. During this process, the community foundation will perform a pre-grant inquiry with the organization's staff to verify the charitable nature of the project for which funding is being recommended and to evaluate the organization's ability to carry out the purpose of the grant. Grants awarded through this method of due diligence require that:
    - a. Grant funds are maintained in a separate bookkeeping account from your other assets,
    - b. Records of receipts and expenditures of grant funds are maintained,
    - c. One or more reports providing details of the expenditures are submitted as follow up.
  5. Documents requested vary, but are often very similar to the documents requested during Equivalency Determination. Upon approval of a grant, the Community Foundation will request the organization sign a grant agreement, as well as provide wiring instructions for payment. Upon receiving the signed grant agreement, grants will be paid via wire transfer.

## **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 CEO 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 CEO at its next regularly scheduled meeting. All competitive grants require 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 competitive 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. Exceptions to the grant evaluation report include:
  - a. Grants from Donor Advised Funds for unrestricted, general support or operating do not require a final grant evaluation report.
  - b. Grantees receiving an annual distribution from an Agency or Designated Fund, unless the Fund's agreement outlines a specific purpose and/or stipulation. These requirements will be indicated in the Grantee's grant notification letter.
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 - Grant Variance**

All grantee requests for grant fund variances must be submitted in writing with the reason for the variance request and the amount cited. The Community Foundation's CEO is authorized to approve or deny grant fund for variance use up to and including \$2,500. The CEO will report all requests and determinations to the Grant Committee Chair and to the Board.

For variance requests greater than \$2,500, the CEO will notify the Grant Committee. The Grant Committee is authorized to approve or deny the grant fund variance request. CEO will report all requests and Committee determinations to the Board.

When grant funds are returned to the Community Foundation, the monies must be returned to the fund from which the grant was made and becomes part of the available monies to spend from the fund.

## **Section 7 - Unclaimed Grant Checks**

From time to time, grant funds are not claimed by the grantee or a grant is not released due to missing or incomplete grant requirements, e.g., signed grant agreement. The Community Foundation shall make reasonable efforts to contact the grantee to ensure knowledge of the pending grant and/or satisfy outstanding requirements. Upon 90 days past the check or grant date, the Community Foundation may rescind the grant with approval of the Board of Directors and will notify interested parties of the rescinded grant.

## **Section 8 - 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.

## **Section 9 - Nondiscrimination**

No person in the United States shall, on the basis of actual or perceived race, color, religion, national origin, sex, gender identify (as defined in paragraph 249(c)(4) of title 18, United States Code), sexual orientation, marital or parental status, political affiliation, military service, physical or mental ability, or any other improper criterion be excluded from participation in , be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available by the Community Foundation, and any other program or activity funded in whole or in part with funds appropriated for grants, cooperative agreements, and other assistance administered by the Community Foundation.