



GREATER NORTHWEST KANSAS COMMUNITY FOUNDATION

Grant Making and Due Diligence Policy and Guidelines

This policy serves to guide Greater Northwest Kansas Community Foundation (GNWKCF) Board of Directors (Board) and Staff Members in its program and grantmaking activities. This policy allows for thorough due diligence and assures a timely response to grant fund recommendations and program opportunities.

Policy:

GNWKCF is committed to the principles of good grant making and due diligence that includes, but is not limited to, the following:

- Grants are made only for charitable purposes.
- All grant payments must be made to qualified charitable organizations as defined by the Internal Revenue Service (IRS) including following organization types: 501(c)(3) public charity (under 509(a)(1) or 509(a)(2) of the Internal Revenue Code) located in the United States, including churches, schools, and government units for a public purpose.
 - *GNWKCF will not exercise expenditure responsibility to provide grants to non-qualifying organizations.*
- Grants are disbursed upon the authorized request of individuals or organizations that have a fund with GNWKCF.
- Grants are used by each grantee for the designated purpose(s) as stated in the establishing documents.
- Grants are made to organizations that are financially stable and well managed, and grants are only made for projects that are well-conceived and that the local community foundation advisory board believes likely to be successful.
- Grant fund has adequate available funds to cover the grant request.
- No staff member, or staff member's family shall personally receive benefits from any grant. Further, no advisor, donor, volunteer, or other related party who is involved in the grant review or recommendation of a grant shall receive benefits from any grants.

Guidelines:

1. **IRS rules require that the assets of a 501(c)(3) organization, such as GNWKCF and its affiliates and supporting organizations, be used solely for charitable purposes.**

Per IRS Guidelines: The exempt purposes set forth in Internal Revenue Code section 501(c)(3) are **charitable**, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and the prevention of cruelty to children or animals. 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 or maintenance of public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

2. **IRS rules require that all grant payments be made to qualified charitable organizations as defined by the Internal Revenue Service (IRS).** Grants for charitable purposes may take several forms:
 - a. Grants to 501(c)(3) public charities (under 509(a)(1) or 509(a)(2)).
 - b. Grants to government entities for public purposes.
 - i. Government entities may include cities, towns or townships, county governments, or state agencies. Other government-related entities supported primarily by public tax dollars, perform government functions, operate under statutory authority under public authority control oversight, or report to a governmental agency or board may also be eligible to receive grant funds.
 - c. Grants to educational institutions including but not limited to public kindergarten through 12th grade schools, colleges, universities, technical colleges, or other educational entities providing a public benefit.
 - d. Grants to religious organizations (a church is any place recognized as a place of worship regardless of its adherents' faith or religious belief).
3. **Grants are disbursed upon the authorized request of individuals or organizations that have a fund with GNWKCF.**

For non-competitive grants, grantmaking staff members verify the grant recommendation has the approval of an authorized fund advisor and includes any documentation specified in the respective fund establishing document.

For competitive grants, grantmaking staff members verify the decision has been submitted by an authorized individual and includes documentation of the decision-making process such as grant or board committee minutes or correspondence.

For auto-distributions, grantmaking staff members will issue grant payments in accordance with the fund establishing guidelines or any authorized written statements for automatic regular distributions.

The GNWKCF Executive Director or Director of Finance will review and approve in writing all grant requests prior to payment.

4. **Grants are used by the grantee for the designated purpose(s) as stated in the establishing documents.**

Due diligence is performed by grantmaking staff members to verify the recommendation is in line with the purpose of the fund.

Grant opportunities are made available according to donor intentions as expressed in establishing documents.

All competitive grants require a written final report including a description of how the grant money was used. If funds were not used for the intended purpose(s), or not completely utilized, GNWKCF may ask for funds to be refunded.

5. **Grants are made to organizations that are financially stable and well managed**, and grants are only made for projects that are well-conceived and that the local community foundation advisory board believes likely to be successful.

Grantmaking staff members are responsible for thorough review of each competitive application or donor grant request to verify the organization is a qualified charitable organization and that the request is for a charitable benefit.

6. **Grant fund has adequate available funds to cover the grant request.**

Endowed funds: GNWKCF grantmaking staff will verify the fund has an adequate available spendable balance for the grant amount requested.

Quasi-endowed funds: GNWKCF grantmaking staff will verify the fund has an adequate available spendable balance for the grant amount requested. If the amount exceeds the available spendable balance, additional documentation showing a supermajority (two-thirds vote) of the advisory committee designated in the establishing document has approved accessing the principal balance.

Non-endowed fund: GNWKCF grantmaking staff will verify the fund has an adequate available balance for the grant amount requested.

In the event the request is for the full balance of a quasi- or non-endowed fund, GNWKCF finance staff will determine the available amount after investment returns and administrative fees have been calculated. This processing period will be completed within 30 to 90 days of receiving the request.

7. **No staff member, or staff member's family shall personally receive benefits from any grant. Further, no advisor, donor, volunteer, or other related party who is involved in the grant review or recommendation of a grant shall receive benefits from any grants.**

On an annual basis, all GNWKCF (including Affiliates and Supporting Organizations) staff members, board members, and regular volunteers complete and sign a conflict-of-interest statement.

For competitive grants, any individual who has a conflict with a particular grant application must abstain from voting on the grant recommendation.

In the case of donor advised grants, each donor/advisor must indicate that they or their family receive no more than incidental benefits from the grant requested. Examples of benefits that may be considered more than incidental include, but are not limited to:

- fulfillment of an irrevocable or legally binding pledge or other personal financial obligation made to any institution;
- raffle tickets;
- membership benefits;
- admission to a charitable event or goods or services received or purchased while attending a charitable event (e.g., dinner or auction items); and
- personal benefits to any individual, including tuition or scholarships.