



United Way
of Deschutes County

Investing in Community Impact

United Way of Deschutes County Funding Policies and Practices

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Foundations for Community Investment

Authority

The United Way of Deschutes County (UWDC) is a separately incorporated private nonprofit, 501 [c]{3}tax exempt, public benefit corporation, governed by a local volunteer board of directors. UWDC operates within Deschutes County.

In turn, the board of directors has established by-laws which contain the rules and procedures by which the organization is run. All aspects of community investment fall under the authority of the by-laws.

Goals

Connect those who want to help with those who need help
Support human services that improve people's lives
Shape a better community

Principles

These policies and practices are based on the principles that UWDC investments should be ...

- determined in a fair, flexible, and accountable manner.
- focused primarily on local health & human services
- invested consistent with the intentions of the donor
- invested wisely (in efficient & effective programs)
- invested in programs proven to get positive results
- achieve maximum impact through leveraged funding
- avoid duplication through coordination &/or collaboration

Establishment & Use of Priorities

United Way of Deschutes County is committed to a system for distributing resources that is sensitive to changing community needs. In addition, United Way financial support is most effective when directed at community needs that can be significantly impacted by United Way funding. In order to accomplish these two objectives the United Way Board periodically reviews the needs in the community and selects particular services and/or areas of need to be targeted for priority funding.

These Community Impact Priorities are selected based upon information gathered from a variety of sources including, but not limited to, needs assessments, community vision and strategic plans, human service studies and reports, and

feedback from contributors, Board members, volunteers, agencies and service recipients. These priorities enable UWDC to achieve maximum impact with the resources available to it. The most well known role for United Way is that of funder. However, UWDC may play any number of roles...funder, researcher, convener, partner, collaborator, coordinator, educator, champion, advocate, etc. in the pursuit of its stated mission of connecting caring people to improve lives and shape a better community.

It is important to note that UWDC's selected priorities are commonly aligned with a larger community agenda, whether officially articulated or informally determined. Although UWDC has tremendous resources and potential, it is beyond the scope and capacity of this, or any, organization to successfully address community level outcomes in isolation. For that reason UWDC works with a variety of community partners, in a variety of ways, to achieve its stated community impact goals.

Planning & Funding Cycle

UWDC's Community Impact Cycle is a biennial process. It begins with an *outward focus* on community assessment in year one. Year two is more of an *inward focus* as efforts shift to evaluating program results and funding. Then the cycle repeats.

Year One – UWDC collaborates with other organizations on assessing community conditions and changes (*Community Plan* type work). This includes activities such as needs assessment, asset mapping, *Community Plan* development or updates, *Community Plan Report Cards* and events, and development of community initiatives. (UWDC also conducts mid biennium allocation review of funded partners)

Year Two – UWDC reviews and revises its funding priorities, conducts agency admissions review, and conducts bi-annual allocation process for funded partners.

Engaging Volunteers

An essential element of UWDC's mission is to bring people together to address community problems. This is reflected in the structure of the community impact process which involves lots of volunteers and committees in addition to UWDC staff.

The Community Impact Committee is one of five Board level standing committees. At least six members of the Committee are also Board members. The CIC oversees all aspects of UWDC's community impact work: investments (allocations, grants, etc.), agency partnerships, agency relations, and program evaluation. Much of the work is conducted through subcommittees such as the Community Impact Review Committee (CIRC)

Also referred to as the Allocations Committee, the CIRC is made up of approximately 35 volunteers recruited bi-annually by the CIRC Chair. Committee members are seated for two years at a time, but a longer stint is encouraged so that the Committee can benefit from the experience of volunteers that are more familiar with the process. The suggested make up for the CIRC is 1/3 Board Members and 2/3 Community Representatives. Some examples of recruited groups are: Board

Members, Loaned Executives, Campaign Cabinet, Employee Campaign Coordinators, Citizens at-large (future volunteers), and Service Recipients

The CIRC operates with a subcommittee (panel) structure with co-chairs for each panel, appointed by the CIRC Chair. The co-chairs of each panel and the Chair and Vice-Chair of the CIRC constitute the Coordinating Committee of the allocations process. The Coordinating Committee is responsible for developing the final allocation recommendations for submission to the Board.

Volunteer Orientation & Training

The Chair of the CIC is responsible for providing orientation, training and guidance sufficient to enable volunteers to carry out their duties in an informed, competent and fair manner. Care should be taken to avoid direct conflicts of interest when making committee assignments. Volunteer orientation should cover: relevant policies and practices, the process for reviewing & evaluating agency services and proposals, site visit procedures, UWDC funding priorities, outcome measurement principles and tools, and the expectations of the Community Impact Committee and the Board.

Staff will provide packets of information for all CIRC volunteers including copies of funded partner proposals, funding policies and practices, outcome measurement tools, UWDC priorities, funding histories, etc.

Funding Methods

Annually, the United Way Board develops a line item budget for anticipated revenues and expenses, including the amount of monies to be made available for funding of agencies, programs, and projects. This funding budget is revised after the annual campaign results become known, in order to adjust for the amount of restricted contributions (donor designations to specific agencies/programs) and other variables. The Community Impact Committee is responsible for determining how to assign the budgeted funds among agencies, programs, and projects to achieve the community impact goals established by the Board.

There are three ways that agencies can receive funding through UWDC.

- Annual Allocations – available to Funded Partners only
- Grants – available to all agencies and programs
- Restricted contributions (designations) from donors – available to all agencies and programs

Allocations – Types of Allocation Funding

There are three types of allocation funding: 1) Agency Support 2) Program Support 3) Purchase of Service . The type of funding has implications on how the funds may be used by the recipient agency as well as the extent of the review itself

Agency Support

- all aspects of agency operations are reviewed
- allocated funds are unrestricted within agency operations
- allocated funds may be used for both program and administrative costs

Program Support

- only aspects of agency operations directly related to UWDC funded program(s) are reviewed
- allocated funds are restricted for use in a specific program(s)
- legitimate pro-rated administrative expenses are permissible program costs

Purchase of Service Agreements

- allocation restricted to a specific service(s) based on unit costs for that service
- agency must be able to identify specific, measurable units of service
- agency must provide a projection of volume of service to be purchased
- maximum and minimum number of units of service to be provided over a specified period will be specified

Grants

Recognizing that United Way of Deschutes County has an interest in supporting services and programs that may not be conducive to funding through the standard biennial funded partner allocation process, it has established a process for providing one time grants. For that purpose the Board established a separate fund, known as the Response Fund to enable UWDC to respond to community priority needs, small emergencies, and special situations. The Board periodically assigns monies to this fund. Funds are distributed via time-limited grants. Agencies would generally be eligible for only one grant per year. Examples of types of eligible grants include:

Priority Service Grant: A grant for initiation, or expansion, of a program identified by the Board as a priority community need appropriate for United Way funding

Emergency Grant or Loan: A one-time-only grant or interest free loan to assist an agency with a bonafide emergency; something that would prevent or jeopardize the organization's ability to deliver core services

Initiative Grant: A time limited or condition limited grant provided for a community effort conducted in partnership with other agencies or organizations. Initiatives appropriate for funding from UWDC would pursue community change on a high priority issue that aligns with UWDC priorities, is outcome focused and able to track results, and presents a meaningful role for UWDC.

System Improvement Grant: A grant for improving our *community helping* systems so that they can operate more effectively and efficiently. Systems assist organizations rather than providing client services directly.

Designated Contributions

A donor may choose to direct the use or recipient agency/program of his/her contribution. The only restriction is that the designated agency(s) must be a bonafide charity, meaning it must possess tax exempt status from the Internal Revenue Service under section 501 [c]{3} of the U.S. Tax Code. This protects the tax deductibility of the contribution for the donor and UWDC's tax exempt status. A donor may also choose to specify the exclusion of a funded partner(s) from receipt of his/her contribution. UWDC does not assess any fee or expense on designations. They are passed through at 100% to the designated agency(s)

Eligibility, Application & Termination Procedures

Funded Partner Agency Eligibility

Initiation & termination of Funded Partner Agency status is determined by the UWDC Board in consultation with the Community Impact Committee. To be eligible for Funded Partner status an agency must demonstrate that it possess the following qualifications:

- ✓ 501[c]{3} nonprofit status
- ✓ Provision of direct human services in Deschutes County
- ✓ Defined target population and geographic area
- ✓ Services do not duplicate those of other funded partners
- ✓ Services are provided in a non-discriminatory manner
- ✓ Agency and program(s) is managed effectively
- ✓ Strong community interest and acceptance of services
- ✓ Services respond to prioritized community needs as set by UWDC Board

Funded Partner Application Process

Interested agencies that believe they meet the eligibility requirements first submit a *Letter of Intent to Apply* to UWDC. Annually, UWDC conducts a screening process to verify that interested agencies meet qualification criteria. Agencies with a *Letter of Intent to Apply* on file submit a brief application describing their qualifications and an abstract detailing how their service(s) align with UWDC's stated funding priorities. At least bi-annually the CIC conducts a formal review of applicant agencies that have successfully passed the screening process. Those agencies are invited to submit a more rigorous proposal that covers the aforementioned criteria as well as detailed program information, financial documents, and a business or strategic plan. Along with the screening criteria listed above, the CIC will evaluate and consider applicants on additional factors such as, but not limited to,

- ✓ Relative importance of the need(s) being addressed by services
- ✓ Degree to which services align with UWDC priorities

- ✓ Degree to which program results can be measured and evaluated
- ✓ Agency capacity, management, and track record
- ✓ Importance of UWDC funding to program/agency
- ✓ Degree to which needs can be truly impacted by UWDC funding
- ✓ Potential benefit to UWDC fund raising campaign

Funded Partner Termination Process

UWDC's Community Impact Committee provides ongoing evaluation of Funded Partners for performance relative to UW funded services. The Committee develops change of status recommendations for the Board. UWDC has identified the following situations that could cause the Board of Directors to discontinue agency/program funding and Funded Partner relationship. Reasons for termination of Funded Partner status include:

- ◆ Misuse or misappropriation of funds approved and earmarked by CIC for specific agency programs
- ◆ Falsification of agency, program, or funding information
- ◆ Failure to produce appropriate program outcome measurements and results
- ◆ Agency mismanagement (i.e. failure to meet management, fiscal, or service delivery intent)
- ◆ Failure to comply with terms of the Memorandum of Understanding with UWDC (i.e. reporting requirements, co-branding principles, etc.)
- ◆ Service no longer aligns with United Way priorities
- ◆ Other reasons as deemed appropriate by the UWDC Board of Directors
- ◆ Before any action is taken pursuant to this policy, the agency will be given written notice and an opportunity to meet with the CIC before its recommendation is presented to the Board of Directors for final action.

Funded Partner Responsibilities

Demonstrating Results

There are numerous benefits to United Way of Deschutes County and its Member Agencies in utilization of an outcome-based evaluation program, a systematic way to measure the extent to which a program has achieved its intended results. It provides United Way with evidence of its effective stewardship of donor resources to make a difference for people and the community. Agencies receive valuable feedback for improving the quality and effectiveness of their programs. Program participants receive services that are shown to produce positive change.

There are many different outcome measurement models. But the basic process is fundamentally similar...built around a logic model that links

resources & activities to measurable results. UWDC has access to a number of resources on outcome measurement practices, tools, and training that are readily available to member agencies.

Co-Branding

To improve understanding and foster a healthy relationship UWDC utilizes a Memorandum of Understanding to clarify the expectations of both parties. Funded Partners must sign a *Funded Partner Memorandum of Understanding* each year prior to the start of the annual community-wide campaign and adhere to the provisions of the MoU which includes the following major expectations. Funded Partners must...

- Support and participate in UWDC's annual community-wide efforts to raise funds to meet community needs by conducting an in-house campaign and solicitation of staff as well as assisting in the development and promotion of the annual campaign. Examples include: providing speakers, tours, outcome data, stories, attending key events (such as kick off and donor recognition) etc..
- Support undesignated giving to the UWDC annual campaign.
- Actively promote recognition of the agency's affiliation with UWDC, optimizing the partnership in a visible way, by identifying self as a Funded Partner agency. At a minimum the UWDC logo, or appropriate alternative, should appear...
 - In the agency/program office(s) or building(s)
 - On the agency website (with cross link to UWDC website)
 - On the agency's general purpose brochure(s)

Agency co-branding activities merit recognition during the allocations process. Other examples of co-branding opportunities include but are not limited to:
Newsletters, annual reports, specialty brochures/flyers, letterhead, stationary, special events, presentations, videos/dvd's, advertising, news releases, public service announcements, etc.

- Cooperate with CIRC and Board appointed committees when being reviewed for funding
- Comply with Funded Partner Fiscal Reporting Policy (see addendum)
- Submit an agency fund raising plan annually (part of the allocation proposal)

Allocation Funding

Annual Allocations Process for Member Agency Partners

Year one

1. UW distributes forms & requirements
2. Agencies return completed proposal draft and addenda
3. UW staff conducts technical review of proposal & provides feedback to agencies

4. Agencies respond to feedback and submit final copies of proposal (enough for staff and committee volunteers, number to be determined)
5. UW Community Impact Review Committee orientation/training conducted
6. Site visits conducted by panels
7. Agency financials reports/audits reviewed by staff and/or CI audit committee
8. Panels formulate initial funding recommendations
9. Coordinating Committee considers panel recommendations and develops final recommendations for Board consideration
10. Agencies notified of allocation recommendations
11. Appeals process conducted (if applicable)
12. Allocations approved under Board authority
13. Agencies sign Memorandum of Understanding
14. Allocations disbursed monthly, in equal amounts

Year Two

15. Agencies submit mid biennium outcomes report & year 2 workplan and, if they choose to do so, an amended budget
16. UW staff conducts desk review
17. CIC conducts agency site visits, as needed
18. CIC develops recommendations for Board consideration
19. Year two funding approved by Board
20. Allocations disbursed monthly, in equal amounts

Bi-annual Allocation Proposal Elements

While the actual allocation proposal forms may change from time to time, the major elements include:

- Amount and type of funding requested
- Client service statistics
- An evaluative report on results correlated to previous workplan (outputs & outcomes)
- A workplan for the next period
- Detailed budget
- Other financial information (Balance Sheet, IRS 990)
- An agency/program fund raising plan

Allocations Review Criteria

The Community Impact Review Committee evaluates Funded Partner allocation proposals and develops funding recommendations based on a number of objective and subjective factors that can be grouped as follows

- Community Impact/Program Performance
 - Outcomes & Indicators of success
 - Use of best practices
 - Breadth & depth of help provided
 - Priorities addressed
- Management & Efficiency
 - Budget & financial statements
 - Leveraged resources

- Board engagement & involvement
 - Diversification of revenue sources
- Community Building
 - Non-duplication of services
 - Coordination with other services
 - Collaboration with other programs & efforts
- Compliance & Partnership
 - Compliance with MoU and Funded Partner responsibilities
 - Co-branding & co-marketing activities

Appeals process

Every agency has a right to appeal its UWDC funding award or partnership decision. Appeals must be made in writing, stating the grounds for the appeal, within 14 days from the date the notice of award is received. Appeals are heard by the CIC with decisions determined by majority vote. The CIC appeal decision is subject to ratification from the UWDC Executive Committee. Appeal meetings are closed to the public. The burden of proof rests with the appellant agency.

Grounds for appeal:

- Decision is contrary to law or UWDC policies
- Criteria was applied inequitably
- Decision is inconsistent with the facts

Addendum

General Funding Policies – Funded Partners

❖ Authority for Fund Distribution. United Way of Deschutes County has sole authority for determining the amount of money to be allocated to participating agencies. Allocations are judgments made by United Way of Deschutes County concerning the amount of money required to provide an agreed upon type and level of service, based upon the amount of funds available for distribution, the community's need for the services, priority of the services and the level of non-United Way revenue available for the services.

❖ Use of Allocation. United Way of Deschutes County allocations are made for the purpose of operating expenses with exceptions only as specified or with approval of the United Way Board of Directors.

❖ Eligibility. To be eligible for allocations, each agency must submit requests and information at times and on forms specified by United Way of Deschutes County.

❖ Funding Arrangement. Each agency will have a specific funding arrangement or combination of arrangements with United Way of Deschutes County. Types of funding arrangements are: agency support, program support, and purchase of service. [Definitions of funding categories are listed earlier in this document]

❖ Agency Operating Reserves. Agency operating reserves will be allowed up to an amount equal to 6 months operating budget. Amounts in excess of six months operating budget must be used to defray current operating expenses. Agencies with operating reserves adequate to meet such expenses are not eligible to apply to United Way of Deschutes County for emergency funds, funds to meet deficits, nor to request in their regular budgets funds for equipment, repairs, replacements, capital improvements or interest on indebtedness. Operating reserves are defined as all unrestricted funds held out from current operations of the agency. Board restricted funds and all funds except building and equipment, custodian funds and donor restricted funds must be counted as operating reserves.

❖ Deficits, Unauthorized Expenditures or Commitments. United Way of Deschutes County cannot assume responsibility for unauthorized deficits in agency operations. Agencies will be expected to fund any deficit from its operating reserves. Should funds in this reserve be insufficient, the agency may, at the time the deficit is anticipated, discuss the situation with United Way of Deschutes County for appropriate action during the year.

❖ Indebtedness. United Way of Deschutes County does not assume responsibility for indebtedness or interest on indebtedness without prior approval of its Board of Directors.

❖ Capital Improvements and Expenditures. Capital expenditures which may be expected to result in reduction of operating expense or to become self-liquidating or which may be required by ordinance on licensing requirements should be made from an agency's operating reserves. If an agency does not have adequate funds in reserve to cover the needed expenditures, the Community Impact Review Committee will give consideration to these requests.

❖ Repairs, Improvements, Replacements and Equipment. Expenditures in these areas must be made from the agency's operating reserves if adequate funds are available. The Community Impact Review Committee will give consideration to these requests in the agency's annual budget if adequate funds are not available in the agency's operating reserve.

❖ Non-United Way Agency Income. Non-United Way agency income comes from a variety of activities and sources. Non-United Way income can be classified broadly as restricted or non-restricted.

❖ Restricted Income is income that must be used in certain ways as specified by the donor. Funds designated by the donor as an endowment do not have to be included as operating income by the agency. The income from endowments does, however, have to be shown as operating income, unless the income is specifically restricted by the donor.

If the restriction is for a certain length of time, or until a certain event takes place, the gift must be shown as unrestricted after that time or event. If the gift is restricted for a specific operating purpose, it must be shown in the agency's operating budget as available for operating for that specific purpose. Board designated funds are not considered restricted by United Way of Deschutes County.

❖ Unrestricted income must, in general, be available for operations unless specifically excepted below or unless specific approval for such exception has been given by United Way of Deschutes County Board of Directors. Income from all usual and recurring sources must be included in the agency's operating budget. Funds placed by the agency into the agency's operating reserve as a result of a year-end surplus do not have to be shown by the agency in the operating budget, but must be shown as part of agency reserves.

Funded Partner - Fiscal Reporting Policy
Policy Adopted 1/24/00

One of the benefits that United Way of Deschutes County provides to its supporters, and to the community at large, is the assurance that agencies and programs receiving funds through the allocation process are well managed and efficient. In order to provide that assurance we require that funded partners periodically provide financial reports and documents that substantiate that claim. It is important that our fiscal reporting policy reflect our values of honesty, fairness and openness. In addition it should be detailed enough to enable consistent and equitable implementation. Required financial reports and documentation should be able to be provided at a cost that is reasonable to the submitting agency.

REQUIRED FOR ALL AGENCIES REGARDLESS OF BUDGET SIZE:

- Annual Financial Statement of Income & Balance Sheet for the most recent fiscal year.
- IRS 990 (standard form) for the most recent fiscal year completed.

REQUIRED FOR AGENCIES - BASED ON BUDGET SIZE:

Agencies that have revenue of **\$125,000-\$614,999:**
Financial review by CPA required every third year

Agencies that have revenue of **\$615,000-\$1,224,999:**
An independent, outside audit required every third year

Agencies that have revenue of **\$1,225,000 or more:**
An independent, outside audit required every year.

All financial information is due June 30.

Any exceptions to the June 30 timeline must be approved by the Executive Director prior to submission of the Allocations Proposal in February.

**Funded Partner - Fiscal Reporting
Non-compliance Policy
Adopted June 27, 2005**

Procedure:

1. Staff reviews financial reports for all member agencies during annual Community Impact Review Committee process.
2. Staff notify, in writing, agency(s) that are found to be out of compliance with member agency financial reporting requirements.
3. If not immediately rectifiable, staff meets with agency director to discuss compliance plan for agency and potential consequences of non-compliance.
4. Agencies demonstrating good faith effort towards compliance can be granted up to one full business cycle (year) to meet agency financial reporting policy requirements.
5. Failure to come into compliance or make good faith effort (i.e. plan) to come into compliance will result in additional action regarding the agency by United Way of Deschutes County, such action to include, but not limited to:
 - Withholding of monthly allocation payment(s)
 - Reduction in future allocation awards
 - Loss of member agency status