



BOSTON COLLEGE
CENTER FOR
CORPORATE
CITIZENSHIP

CARROLL SCHOOL OF MANAGEMENT



CORPORATE GIVING CORPORATE GOVERNANCE TEMPLATES AND RESOURCES

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BOSTON COLLEGE

CENTER FOR CORPORATE CITIZENSHIP

CARROLL SCHOOL OF MANAGEMENT

Member Tool: Corporate Giving & Corporate Foundation Templates and Resources

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Table of Contents

1 CHAPTER 1: FOUNDATIONAL DOCUMENTS

1 Articles of Incorporation

- 1 ARTICLE I: Name of Corporation
- 1 ARTICLE II: Purpose of Corporation
- 1 ARTICLE III: Agent for Service of Process
- 2 ARTICLE IV: Principle Office
- 2 ARTICLE V: Tax-Exempt Status of Corporation

4 Articles of Incorporation: Sole Membership

6 Foundation Bylaws for Public Companies

22 Example 2: Bylaws of ACME CO Charitable Foundation

30 Document Retention and Destruction Policy/ Procedure

- 30 Policy
- 30 Document Retention
- 30 Corporate Records
- 30 Accounting and Corporate Tax Records
- 31 Bank Records
- 31 Payroll and Employment Tax Records
- 31 Employee Records
- 31 Legal, Insurance and Safety Records
- 31 Program/Grant
- 31 Electronic Documents and Records
- 32 Emergency Planning
- 32 Document Destruction
- 32 Compliance

33 Whistleblower Policy

37 Conflict of Interest Policy

41 Conflict Disclosure Form

42 Example 2: Conflict of Interest Policy

- 44 Minimum Annual Disclosure Worksheet

45 Conflict of Interest Statement: Sample 1

48 Conflict of Interest Statement: Sample 2

51 Checklist for Tax and Corp Compliance

54 Action by Unanimous Written Consent In Lieu of the Organizational Meeting

61 Sample Charter

63 Sample Declaration of Trust

69 Foundation Bylaws for Private Companies

87 Advisory Committee Member Job Description

89 Corporate Foundation Governance Policy

93 Sample Delegation of Authority Policy

- 93 Purpose

93	Matters Reserved for the Board
93	Matters Delegated to Management
94	Reporting by Management to the Board
94	Expenditure Approval Policy
95	Communication on Behalf of the Organization
95	Temporary Delegation of Authority
95	Review
96	Board Officers: Responsibilities and Job Descriptions
96	Board Chair
97	President
98	President-Elect or Vice President
98	Treasurer
98	Secretary
99	Committee Chair
100	Advisory Committee Charge for a Corporate Foundation or Corporate Giving Committee
100	Advisory Committee Structure
102	Advisory Committee Responsibilities
104	Investment Guidelines
112	Investment Policy
120	Investment Committee Charter
125	Asset Allocation Authority Matrix
126	Asset Class Definitions
130	Liquidity Coverage Ratio Policy
131	Endowment Proforma
132	Endowment Investment Management Policy
156	Federal and State Laws Regarding Corporate Foundations
160	<u>CHAPTER 2: POLICIES AND PROCEDURAL DOCUMENTS</u>
160	Conflict of Interest/ Commitment Management Process
160	Steps to be Taken
161	General Volunteer Activities
165	Financial Interest
165	Employee Matching Contributions
166	Participation in Grantee Organization Activities
166	Employment Situations
167	Scholarships
167	Honorariums
168	Friendship Situations
168	Political Activities
168	Gifts and Meals
170	Board Evaluation Process
170	Director Competency Matrix
172	Board Diversity Matrix with Measurable Objectives
173	Corporate/Foundation Services Agreement

176 Corporate Foundation Self-Dealing Policy

176 Purpose

176 Scope

176 Definitions

176 Disqualified Persons

176 Self-Dealing Transactions

177 Exceptions

177 Procedures

177 Due Diligence

177 Review Process

177 Disclosure Requirements

178 Violations and Remedies

178 Enforcement

178 Documentation Requirements

178 Policy Review

178 Certification

179 Contact

180 Charitable Contributions: Policies and Procedures

191 CHAPTER 3: GRANTS ADMINISTRATION

191 Gifts vs. Grants

193 Grant Reporting Policy—Levels of Reporting

193 Purpose

193 Policy Overview

193 Reporting Tiers

193 Tier 1: Grants Under \$50,000

193 Tier 2: Grants \$50,000 to \$99,999

194 Tier 3: Grants \$100,000 to \$999,999

194 Tier 4: Grants \$1,000,000 and above

195 Implementation Guidelines

195 Flexibility Considerations

196 Review and Updates

196 Exceptions

196 Effective Date and Review Cycle

197 Giving Mechanisms: A Comparison

209 International Giving

209 Equivalency Determination

209 IRS Guidelines for Equivalency

211 Grantee Tax Status Definitions

215 Sample Grant Application Guide

215 How We Make Grants

216 What We Don't Fund

216 Applying for a Grant

216 What Happens Next

217 Grant Funds Must be Used Solely for Charitable Purposes

217	How we Monitor Grants
219	Sample Grant-Making Guidelines
219	Funding Priorities
221	Grant Criteria
222	Grant Eligibility
223	Antidiscrimination Policy
223	Grant Application Process
223	Letter of Intent
224	Project Information
224	Financial & Operating Data
225	Grant Evaluation Guidelines
227	Grant Application Evaluation System
231	Grant Policy: Indirect Cost Policy Example
 238	 <u>CHAPTER 4: WORKSHEETS AND FORMS</u>
238	Questions that Directors Should Ask About Risk
240	WORKSHEET Core Framework of a Private Foundation: Charter, Social Compact, Operating Principles
243	WORKSHEET Philanthropy Canvas
244	WORKSHEET Operating Capabilities
246	WORKSHEET Director Competency Matrix
248	Board Diversity Matrix with Measurable Objectives
250	High vs. Low Performing Directors
251	ARVIS Scorecard
253	Common Grant Proposal Terms
303	Comprehensive Glossary of Corporate Giving Terms

Chapter 1: Foundational Documents

Articles of Incorporation

ARTICLES OF INCORPORATION OF **ACME CO CHARITABLE FOUNDATION, INC.**

ARTICLE I: NAME OF CORPORATION.

1. The name of the corporation is ACME CO CHARITABLE FOUNDATION, INC.

ARTICLE II: PURPOSE OF CORPORATION

2. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.
3. The specific purpose of this corporation shall be to solicit donations and to raise funds for the purpose of making monetary grants to persons and/or entities who are working to enhance access to justice, to provide family law-related education, and/or to improve the UTOPIA family law process for affected persons, families, or groups in need and to carry on other charitable activities associated with these goals as determined by the Board of Directors and allowed bylaw.
4. This corporation is organized exclusively for charitable purposes within the meaning of Internal Revenue Code §501(c)(3) or the corresponding provision of any future United States internal revenue law. Despite any other provision in these articles, the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that do not further the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on by (a) a corporation exempt from federal income tax under Internal Revenue Code §501(c)(3) or the corresponding provision of any future United States internal revenue law, or (b) a corporation, contributions to which are deductible under Internal Revenue Code §170(c)(2) or the corresponding provision of any future United States internal revenue law.

ARTICLE III: AGENT FOR SERVICE OF PROCESS

The name and address in the **STATE OF UTOPIA** of the corporation's initial agent for service of process is **NAME, ADDRESS**.

ARTICLE IV: PRINCIPAL OFFICE

5. The mailing address for the principal office of the corporation shall be located at **AD-DRESS**.

ARTICLE V: TAX-EXEMPT STATUS OF CORPORATION

6. Tax-exempt status

- (a) No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate or intervene in (including publishing or distributing statements) any political campaign on behalf of (or in opposition to) any candidate for public office. This corporation shall not engage in political or lobbying activities that Section 501(c)(3) tax-exempt organizations are prohibited from engaging in.
- (b) All corporate property is irrevocably dedicated to the purposes set forth in Article 2. No part of the net earnings of this corporation shall inure to the benefit of any of its directors, trustees, officers, private shareholders or members, or to individuals.
- (c) On the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations, and liabilities of the corporation, the remaining assets of this corporation shall be distributed to an organization (or organizations) organized and operated exclusively for charitable purposes, if the organization has established its tax-exempt status under Internal Revenue Code §501(c)(3) (or corresponding provisions of any future federal Internal Revenue Code law) and has established its tax-exempt status under Revenue and Taxation Code §23701d (or the corresponding section of any future UTOPIA revenue and tax law).
- (d) The corporation will distribute its income for each tax year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Internal Revenue Code §4942 or by corresponding provisions of any later federal tax laws.
- (e) The corporation will not engage in any act of self-dealing as defined in Internal Revenue Code §4941(d) or in corresponding provisions of any later federal tax laws.
- (f) The corporation will not retain any excess business holdings as defined in Internal Revenue Code §4943(c) or in corresponding provisions of any later federal tax laws.
- (g) The corporation will not make investments in a manner that would subject it to tax under Internal Revenue Code §4944 or under corresponding provisions of any later federal tax

laws.

(h) The corporation will not make any taxable expenditures as defined in Internal Revenue Code §4945(d) or in corresponding provisions of any later federal tax laws.

Date

Signatures _____

Incorporators _____

Articles of Incorporation: Sole Membership

NOTE: Member vs. Board Member - It is important to distinguish the language here. A **single member foundation** refers to the funding source, typically a corporation or wealthy individual, who is the sole funder of the nonprofit. A board member is seated to help govern and administer the foundation.

One of the great things about having a private foundation is that you alone get to choose its board structure and decide who initially sits on it. Who you choose to sit on your board depends on what type of foundation you want. Will it be a family entity or are you going to pursue a specific mission or fund a particular community? You will want to bring on people with expertise related to your objectives.

Some states, such as UTOPIA, allow you to serve as the foundation's sole director, you may also appoint a spouse, children, other family members, business associates or whomever like as officers and directors. To help increase involvement by family and friends without appointing them to the foundation, Foundation Source has created a unique giving tool called "Grant Certificates." These enable the foundation to give limited granting rights to those not officially on the foundation.

INCORPORATION

Regardless of your own state of residency, there are many unique benefits to setting up a foundation as a UTOPIA corporation. First, foundations set up as corporations have much greater flexibility than those set up as trusts. Second, UTOPIA allows for sole-director corporations. This means the founder may be the sole individual involved on the foundation, if he or she chooses. Third, UTOPIA allows annual meetings to be held electronically via telephone or Internet, which greatly simplifies this requirement—especially when family members live far apart. Foundation Source also works with foundations set up by your attorney as well as existing foundations regardless of state of incorporation or organizational form.

Private foundations established by Foundation Source are incorporated in UTOPIA because it is a very friendly state for corporations, whether they're for-profit or not-for-profit:

- UTOPIA has well-defined statutory provisions in place with respect to the indemnification of officers and directors.
- UTOPIA's corporate law also explicitly provides that a corporation may maintain its min-

utes in an electronic format.

- The UTOPIA Chancery Court has developed an unparalleled body of case law that is frequently cited as precedent in other state courts.
- Corporate filings in UTOPIA can be completed quickly and at less expense than in other states.
- While many other states impose cumbersome filing requirements on exempt organizations, in UTOPIA, the requirements are light: A private foundation need only file a copy of its annual tax return with the attorney general and pay a small annual franchise tax to the Secretary of State with a basic corporate report each year. [For more information, read [State Filing Requirements: Considerations in Choosing a State of Incorporation](#)]

IRS RECOGNITION FOR TAX EXEMPTION

Once the foundation has been incorporated, it must apply to the IRS for recognition as a tax-exempt charity. This recognition enables the foundation to call itself a 501(c)(3) charity and to receive tax-deductible contributions from its donors. (As explained in [What is a Private Foundation](#), private foundations typically derive all of their financial support from a single individual, family, or corporation. Although not prohibited from doing so, private foundations do not typically engage in fundraising.) It also exempts the foundation from having to pay federal tax on its income.

To obtain this exemption, the foundation must file IRS Form 1023, “Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.” Filing Form 1023 is usually a private foundation’s first introduction to the Internal Revenue Service. This form is also significant for a fledgling tax-exempt organization because it will be subject to IRS scrutiny and, once completed and submitted, the foundation’s Form 1023 will be available as a matter of public record. Because Form 1023 is so important, it is imperative that it be completed accurately and carefully—a task that even seasoned advisors choose to leave to private foundation specialists.

Foundation Bylaws for Public Companies

BY - LAWS

OF

THE ACME COMPANY FOUNDATION

(YOUR STATE Non Profit Corporation)

Article I

Offices and Fiscal Year

Section 1.01. Registered Office. The registered office of the corporation in the Commonwealth of YOUR STATE shall be at the offices of ACME COMPANY, Inc., Route 222, IMAG-INEVILLE, YOUR STATE, until otherwise established by a vote of a majority of the board of trustees in office, and a statement of such change is filed in the Department of State; or until changed by an appropriate amendment of the articles of the corporation.

Section 1.02. Other Offices. The corporation may also have offices at such other places within or without the United States of America as the board of trustees may from time to time appoint or the business of the corporation requires.

Section 1.03. Fiscal Year. The fiscal year of the corporation shall begin on the first day of October in each year.

Section 1.02. Other Offices. The corporation may also have offices at such other places within or without the United States of America as the board of trustees may from time to time appoint or the business of the corporation requires.

Section 1.03. Fiscal Year. The fiscal year of the corporation shall begin on the first day of October in each year.

Article II

Offices and Fiscal Year

Section 2.01. Powers. The board of trustees shall have full power to conduct, manage, and direct the business and affairs of the corporation; and all powers of the corporation are hereby granted to and vested in the board of trustees.

Section 2.02. Qualification and Selection. Each trustee of the corporation shall be a natural person of full age, but need not be a resident of **YOUR STATE**. Except in the case of vacancies, trustees shall be selected by the **Board of Directors of ACME COMPANY**, Inc. or a person or group of persons to whom such authority has been delegated by the **ACME COMPANY Board of Directors**.

A person or group of persons entitled to appoint, designate or otherwise select one or more trustees may select one or more alternates for each such trustee. Such designation shall be filed in writing with the secretary of the corporation and may be changed at any time by such person or group of persons or their successors by the filing in writing with the secretary of a superseding designation or of a statement that the existing designation or designations are revoked.

Such superseding designation or revocation shall take effect upon or after filing in accordance with its terms. In the absence of a trustee from a meeting of the board, one of their alternates may attend such meeting and exercise at the meeting all of the powers of the absent trustee, or such lesser powers as may be specified in the designation. When so exercising the powers of the absent trustee, such alternate shall be subject in all respects to the provisions of law relating to the fiduciary responsibilities of trustees of a corporation.

Section 2.03. Number and Term of Office. The board of trustees. Each trustee shall hold office until the next succeeding annual meeting of the board of trustees and until their successor shall have been elected and qualified, or until their earlier death, resignation, or removal in the manner hereinafter provided.

Section 2.04. Organization. At every meeting of the board of trustees, the chairperson of the board of the **ACME COMPANY FOUNDATION** or, in the case of a vacancy in the office or absence of the chairperson of the board, one of the following officers present in the order stated the vice chairperson of the board, the president, or the vice presidents in their order of rank and seniority, if there be one of any of the foregoing, or a chairperson chosen by a majority of the trustees present, shall preside, and the secretary, or, in their absence, an assistant secretary, or in the absence of the secretary and the assistant secretaries, any person appointed by the chairperson of the meeting, shall act as secretary.

Section 2.05. Resignations. Any trustee of the corporation may resign at any time by giving written notice to the chairperson or the secretary of the corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.06. Vacancies. The board of trustees may declare vacant the office of a trustee if they are declared of unsound mind by an order of court, or convicted of felony, or for any other proper cause, or if within 60 days after notice of their selection, they do not accept such office either in writing or by attending a meeting of the board of trustees.

Any vacancy or vacancies in the board of trustees because of death, resignation, removal in any manner, disqualification, an increase in the number of trustees, or any other cause, may be filled by a majority of the remaining members of the board of trustees though less than a quorum, at any regular or special meeting; and each person so elected shall be a trustee to serve for the balance of the unexpired term.

Section 2.07. Place of Meeting. Meetings of the board of trustees may be held at such place within or without **YOUR STATE** as the board of trustees may from time to time appoint, or as may be designated in the notice of the meeting.

Section 2.08. Regular Meetings. The annual meeting of the board of trustees shall be held on the third Thursday in the month of April in each year. Other regular meetings of the board of trustees shall be held at such time and place as shall be designated from time to time by resolution of the board of trustees. If the date fixed for any such regular meeting be a legal holiday under the laws of the State where such meeting is to be held, then the same shall be held on the next succeeding business day, not a Saturday, or at such other time as may be determined by resolution of the board of trustees.

At such meetings, the trustees shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given unless otherwise required bylaw or these bylaws.

Section 2.09. Special Meetings. Special meetings of the board of trustees shall be held whenever called by the chairperson, president, secretary or by two or more of the trustees. Notice of each such meeting shall be given to each trustee by telephone or in writing at least 24 hours (in the case of notice by telephone) or 48 hours (in the case of notice by telegram) or five days (in the case of notice by mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting.

Notice of any meeting of the board of trustees during any emergency resulting from warlike damage or an attack on the United States or any nuclear or atomic disaster shall be given only to such of the trustees as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio. To the extent required to constitute a quorum at any meeting of the board of trustees during such an emergency, the officers of the corporation who are present shall be deemed, in order of rank and within the same rank in order of seniority, trustees for such meeting.

Section 2.10. Quorum, Manner of Acting, and Adjournment. Except as otherwise provided in Section 2.09 of this Article a majority of the trustees in office shall be present at each meeting in order to constitute a quorum for the transaction of business. Every trustee shall be entitled to one vote. Except as otherwise specified in the articles or these bylaws or provided by statute, the acts of a majority of the trustees present at a meeting at which a quorum is present shall be the acts of the board of trustees. In the absence of a quorum, a majority of the trustees present and voting may adjourn the meeting from time to time until a quorum is present. The trustees shall act only as a board and the individual trustees shall have no power as such, except that any action which may be taken at a meeting of the trustees may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the trustees in office and shall be filed with the secretary of the corporation.

Section 2.11. Executive and Other Committees. The board of trustees may, by resolution adopted by a majority of the trustees in office, establish an Executive Committee and one or more other committees, each committee to consist of two or more trustees of the corporation. The board may designate one or more trustees as alternate members of any committee, who

may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member, and the alternate or alternates, if any, designated for such member, of any committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another trustee to act at the meeting in the place of any such absent or disqualified member. Each committee of the board shall serve at the pleasure of the board.

The Executive Committee shall have and exercise all of the powers and authority of the board of trustees in the management of the business and affairs of the corporation except that the Executive Committee shall not have any power or authority as to the following:

- (1) The filling of vacancies in the board of trustees;
- (2) The adoption, amendment or repeal of the bylaws; or
- (3) The amendment or repeal of any resolution of the board.

No committee of the board of trustees, other than the Executive Committee, shall pursuant to resolution of the board of trustees or otherwise exercise any of the powers or authority vested by these bylaws or the Nonprofit Corporation Law of 1972 in the board of trustees as such, but any other committee of the board of trustees may make recommendations to the board of trustees or Executive Committee concerning the exercise of such powers and authority.

The establishment of any committee of the board of trustees and the delegation thereto of power and authority shall not alone relieve any trustee of their fiduciary duty to the corporation.

A majority of the trustees in office designated to a committee, or trustees designated to replace them as provided in this section, shall be present at each meeting to constitute a quorum for the transaction of business and the acts of a majority of the trustees in office designated to a committee or their replacements shall be the acts of the committee.

Each committee shall keep regular minutes of its proceedings and report such proceedings periodically to the board of trustees.

Sections 2.08, 2.09, and 2.10 shall be applicable to committees of the board of trustees.

Section 2.12. Interested Trustees or Officers; Quorum. No contract or transaction between the corporation and one or more of its trustees or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its trustees or officers are trustees, directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the trustee or officer is present at or participates in the meeting of the board of trustees which authorizes the contract or transaction, or solely because their votes are counted for such purpose, if:

- (1) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of trustees and the board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested trustees, even though the disinterested trustees are less than a quorum; or
- (2) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of trustees.

Common or interested trustees may be counted in determining the presence of a quorum at a meeting of the board of trustees which authorizes a contract or transaction specified in this section.

Section 2.13. Fees. Each trustee shall be paid their expenses of attendance at each meeting of the board and such reasonable fee, if any, as shall be fixed by the board of trustees for each meeting of the board of trustees or committee of trustees which they shall attend and may be paid such other compensation for their services as a trustee as may be fixed by the board of trustees.

Article III

Notice–Waivers–Meetings

Section 3.01. Notice, What Constitutes. Whenever written notice is required to be given to any person under the provisions of the articles, these bylaws, or the Non profit Corporation Law of 1972, it may be given to such person, either personally or by sending a copy thereof by

first class mail, postage prepaid, or by telegram, charges prepaid, to their address supplied by them to the corporation for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. A notice of meeting shall specify the place, day and hour of the meeting and any other information required bylaw or these bylaws.

When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

Section 3.02. Waivers of Notice. Whenever any written notice is required to be given under the provisions of the articles, these bylaws, or the Nonprofit Corporation Law of 1972, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of a meeting need be specified in the waiver of notice of such meeting.

Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.03. Modification of Proposal Contained in Notice. Whenever the language of a proposed resolution is included in a written notice of a meeting, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 3.04. Exception to Requirement of Notice. Whenever any notice or communication is required to be given to any person under the provisions of the articles, these bylaws, or the Nonprofit Corporation Law of 1972, or by the terms of any agreement or other instrument or as a condition precedent to taking any corporate action, and communication with such person is then unlawful, the giving of such notice or communication to such person shall not be

required and there shall be no duty to apply for a license or other permission to do so.

Section 3.05. Conference Telephone Meetings. One or more persons may participate in a meeting of the board or of a committee of the board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

Article IV

Officers

Section 4.01. Number, Qualifications and Designation. The officers of the corporation shall be a chairperson, a secretary, and a treasurer, and, as from time to time determined to be necessary or appropriate by the board, a vice chairperson, a president, one or more vice presidents if there is a president and such other officers as may be elected in accordance with the provisions of Section 4.03 of this Article; provided however, that any one or more of the foregoing offices may be vacant from time to time except as otherwise required bylaw. Any number of offices may be held by the same person. Officers may but need not be trustees of the corporation.

The chairperson, the president and the secretary shall each be natural persons of full age; the treasurer may be a corporation, but if a natural person, shall be of full age.

Section 4.02. Election and Term of Office. The officers of the corporation, except those elected by delegated authority pursuant to Section 4.03 of this Article, shall be elected annually by the board of trustees, and each such officer shall hold their office until the next annual meeting of trustees and until their successor shall have been elected and qualified, or until their earlier death, resignation, or removal.

Section 4.03. Subordinate Officers, Committees and Agents. The board of trustees may from time to time appoint such other officers, committees, employees or other agents as the business of the corporation may require, including one or more assistant secretaries, and one or more assistant treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws, or as the board of trustees may from time to time determine.

The board of trustees may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 4.04. Resignations. Any officer or agent may resign at any time by giving written notice to the board of trustees, or to the chairperson, the president, if there be one, or the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05. Removal. Any officer, committee, employee or other agent of the corporation may be removed, either for or without cause, by the board of trustees or other authority which elected or appointed such officer, committee or other agent whenever in the judgment of such authority the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights of any person so removed.

Section 4.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the board of trustees or by the officer or committee to which the power to fill such office has been delegated pursuant to Section 4.03 of this Article, as the case may be, and if the office is one for which these bylaws prescribe a term, shall be filled for the unexpired portion of the term.

Section 4.07. General Powers. All officers of the corporation, as between themselves and the corporation, shall respectively have such authority and perform such duties in the management of the property and affairs of the corporation as may be determined by resolutions or

orders of the board of trustees, or, in the absence of controlling provisions in resolutions or orders of the board of trustees, as may be provided in these bylaws.

Section 4.08. The Chairperson of the Board and the President. The chairperson of the board or in their absence, the vice chairperson of the board, if there be one, shall preside at all meetings of the members of the board of trustees.

The chairperson or the president, if there be one, shall be the chief executive officer of the corporation and shall have general supervision over the activities and operations of the corporation, subject, however, to the control of the board of trustees.

The chairperson or the president if there be one shall sign, execute and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the board of trustees, except in cases where the signing and execution thereof shall be expressly delegated by the board of trustees, or by these bylaws, to some other officer or agent of the corporation; and, in general, shall perform all duties incident to the office of chairperson or president, as the case may be, and such other duties as from time to time may be assigned to them by the board of trustees. In the event there is a president, the chairperson of the board shall only preside at all meetings of the members of the board of trustees and perform such other duties as may from time to time be requested of them by the board of trustees.

Section 4.09. The Vice Chairperson. The vice chairperson, if there be one, shall perform the duties of the chairperson in their absence and such other duties as may from time to time be assigned to them by the board of trustees or the chairperson.

Section 4.10. The Vice Presidents. The vice presidents, if there be any, shall perform the duties of the president in their absence and such other duties as may from time to time be assigned to them by the board of trustees, the chairperson or the president.

Section 4.11. The Secretary. The secretary or an assistant secretary shall attend all meetings

of the board of trustees and shall record all the votes of the trustees and the minutes of the meetings of the board of trustees and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the corporation as required bylaw; shall be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, shall perform all duties incident to the office of secretary, and such other duties as may from time to time be assigned to them by the board of trustees, the chairperson or the president.

Section 4.12. The Treasurer. The treasurer or an assistant treasurer shall have or provide for the custody of the funds or other property of the corporation and shall keep a separate book account of the same to their credit as treasurer; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the corporation; shall deposit all funds in their custody as treasurer in such banks or other places of deposit as the board of trustees may from time to time designate; shall direct the investment of the foregoing funds in their custody; shall, whenever so required by the board of trustees, render an account showing their transactions as treasurer, and the financial condition of the corporation; and, in general, shall discharge such other duties as may from time to time be assigned to them by the board of trustees, the chairperson or the president.

Section 4.13. Officers' Bonds. Any officer shall give a bond for the faithful discharge of their duties in such sum, if any, and with such surety or sureties if and as the board of trustees shall require.

Section 4.14. Salaries. The salaries, if any, of the officers elected by the board of trustees shall be fixed from time to time by the board of trustees or by such officer as may be designated by resolution of the board.

The salaries or other compensation of any other officers, employees and other agents shall be fixed from time to time by the officer or committee to which the power to elect such officers or to retain or appoint such employees or other agents has been delegated pursuant to Section 4.03 of this Article. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that they are also a trustee of the corporation.

ARTICLE V

Indemnification of Trustees, Officers, Etc.

Section 5.01. Trustees and Officers; Third Party Actions. The corporation shall indemnify any trustee or officer of the corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that they are or were a representative of the corporation (which, for the purposes of this Article, shall mean a trustee, officer, employee or agent of the corporation, or a person who is or was serving at the request of the corporation as a trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with such action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which they reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that their conduct was unlawful.

Section 5.02. Trustees and Officers; Derivative Actions. The corporation shall indemnify any trustee or officer of the corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that they are or were a representative of the corporation, against expenses (including attorneys' fees) actually and reasonably incurred by them in connection with the defense or settlement of such action or suit if they acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best

interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of their duty to the corporation unless and only to the extent that the court of common pleas of the county in which the registered office of the corporation is located or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the court of common pleas or such other court shall deem proper.

Section 5.03. Employees and Agents. To the extent that a representative of the corporation who neither was nor is a trustee or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 5.01 and 5.02 of this Article or in defense of any claim, issue or matter therein, they shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by them in connection therewith.

Such a representative may, at the discretion of the corporation, be indemnified by the corporation in any other circumstances to any extent if the corporation would be required by Section 5.01 or 5.02 of this Article to indemnify such person in such circumstances to such extent if they were or had been a trustee or officer of the corporation.

Section 5.04. Procedure for Effecting Indemnification. Indemnification under Section 5.01, 5.02 or 5.03 of this Article shall be made when ordered by court (in which case the expenses, including attorneys' fees, of the representative in enforcing such right of indemnification shall be added to and be included in the final judgment against the corporation) and may be made in the specific case upon a determination that indemnification of the representative is required or proper in the circumstances because they have met the applicable standard of conduct set forth in Section 5.01 or 5.02 of this Article. Such determination shall be made:

- (1) By the board of trustees by a majority vote of a quorum consisting of trustees who were not parties to such action, suit or proceeding; or
- (2) If such a quorum is not obtainable, or, even if obtainable a majority vote of a quorum

of disinterested trustees so directs, by independent legal counsel in a written opinion.

Section 5.05. Advancing Expenses. Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding, upon authorization by the board of trustees in a specific case upon receipt of an undertaking by or on behalf of a trustee or officer to repay such amount unless it shall ultimately be determined that they are entitled to be indemnified by the corporation as required in this Article or authorized bylaw and may be paid by the corporation in advance on behalf of any other authorized representative when authorized by the board of trustees upon receipt of a similar undertaking.

Section 5.06. Scope of Article. Each person who shall act as an authorized representative of the corporation shall be deemed to be doing so in reliance upon such rights of indemnification as are provided in this Article.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any agreement, vote of disinterested trustees, statute or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the corporation and shall inure to the benefit of the heirs and personal representatives of such a person.

This Article shall not affect the liability of a representative with respect to the administration of trust assets held by the corporation pursuant to the Nonprofit Corporation Law of 1972.

ARTICLE VI

Miscellaneous

Section 6.01. Corporate Seal. The corporation shall have a corporate seal in the form of a circle containing the name of the corporation, the year of incorporation and such other details as may be approved by the board of trustees.

Section 6.02. Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the board of trustees may from time to time designate.

Section 6.03. Contracts. Except as otherwise provided in these bylaws, the board of trustees may authorize any officer or officers, agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 6.04. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositaries as the board of trustees may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the board of trustees shall from time to time determine.

Section 6.05. Annual Report of Trustees. The board of trustees shall direct the chairperson, the president, if there be one, and treasurer to present at the annual meeting of the board a report showing in appropriate detail the following:

- (1) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year immediately preceding the date of the report;
- (2) The principal changes in assets and liabilities including trust funds, during the year immediately preceding the date of the report;
- (3) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the corporation; and
- (4) The expenses or disbursements of the corporation, for both general and restricted purposes, during the year immediately preceding the date of the report, including separate data with respect to each trust fund held by or for the corporation.

The annual report of the board of trustees shall be filed with the minutes of the annual meeting of the board.

Section 6.o6. Amendment of Bylaws. These bylaws may be amended or repealed, or new bylaws may be adopted, by vote of a majority of the board of trustees of the corporation in office at any regular or special meeting of trustees.

Such proposed amendment, repeal or new by-laws, or a summary thereof, shall be set forth in any notice of such meeting, whether regular or special.

Example 2: Bylaws of ACME CO Charitable Foundation

PURPOSES

General. **ACME CO Charitable Foundation** (the “Corporation”) is organized as a charitable nonstock corporation and shall be operated exclusively for charitable, literary, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder, as they now exist or as they may hereafter be amended (or to any corresponding provision of any future U.S. internal revenue law), and for such purposes, and without limitation, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. In furtherance of its purposes, the Corporation may engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of **UTOPIA**.

MEMBERSHIP

- 2.1 Members. The sole member of the Corporation (the “Member”) shall be ACME CO Corporation Inc., a **UTOPIA** corporation. The Member shall have the power to elect and remove directors of the Corporation.
- 2.2 Annual Meeting. The annual meeting of the Member shall be held at the time and place that the board of directors of the Corporation (the “Board”) may designate. At the annual meeting, the Member shall determine whether to remove a director, fill a Board vacancy, or reelect a director to a new term.
- 2.3 Special Meetings. Unless otherwise prescribed bylaw or by the certificate of incorporation of the Corporation (as may be amended or restated from time to time, the “Certificate of Incorporation”), special meetings of the Member shall be called by the President upon a request in writing of the Member or any director of the Corporation. Written notice of each special meeting of the Member shall be given to the Member not less than ten (10) nor more than sixty (60) days before the date of the meeting. Such notice shall state the purpose or purposes for which the meeting is called.
- 2.4 Quorum. The presence of the Member shall constitute a quorum for the transaction of business at any meeting of the Member.

Voting. Directors of the Corporation shall be elected by the affirmative vote of the Member,

present in person or represented by proxy and entitled to vote at any annual meeting. Directors of the Corporation may be removed (with or without cause) by the affirmative vote of the Member, present in person or represented by proxy and entitled to vote at an annual meeting or at a special meeting duly called for such purpose.

Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Member may be taken without a meeting, without prior notice and without a vote, if a unanimous consent in writing, setting forth the action so taken, is signed by the Member, and is delivered to the Corporation in accordance with applicable law.

Meetings Held Through Communications Equipment. Meetings of the Member may be held by means of conference telephone or similar communications equipment so that all persons participating in the meeting can hear one another and participation in a meeting pursuant to this paragraph will constitute presence in person at a meeting.

BOARD OF DIRECTORS

Number and Term of Directors. The Board shall consist of at least four (4) directors, including the President who shall serve as a director ex officio, with the exact number of directors to be set from time to time by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present; provided, however, that no decrease in the number of directors shall have the effect of shortening the term of an incumbent director. The President shall serve as a director ex officio, with a vote. Each director, other than the President, shall serve a term of two years. Each director will continue in office until a successor has been elected and qualified, or his or her earlier resignation, removal, retirement, death or disqualification.

Vacancies. Any vacancy in the Board, including a vacancy arising from an increase in the number of directors or the resignation or removal of a director, may be filled by the affirmative vote of the Member in accordance with the provisions set forth for election of directors in Article II and Section 3.1 of these Bylaws or by the affirmative vote of a majority of directors present at a meeting at which a quorum is present.

Resignation. Any director may resign at any time by giving written notice of such resignation to the Chair or the President. Such resignation will be effective when received by the Chair or the President or, if later, as of the date therein specified.

Regular Meetings. The Board may hold a regular meeting at such time and place as the Board may from time to time determine. Notice of regular meetings of the Board shall be given to all Directors at least four days in advance if given by first-class mail or at least twenty-four (24) hours in advance if given by notice delivered personally, by telephone, or by electronic transmission, provided that such notice may be waived by any Director as set forth in Section 3.6.

Special Meetings. Unless otherwise prescribed bylaw or by the Certificate of Incorporation, special meetings of the Board shall be called by the President upon a request in writing of any director then in office. Written notice of each special meeting of the Board shall be given to each director not less than ten (10) nor more than sixty (60) days before the date of the meeting. Such notice shall state the purpose for which the meeting is called.

Waiver of Notice. A director may waive any notice required by these Bylaws, before or after the date and time stated in the notice, by providing the Chair of the Board a written waiver signed by the director, to be filed with the minutes or corporate records. A director's attendance at or participation in a meeting shall waive any required notice to the director of the meeting, unless the director at the beginning of the meeting, or promptly upon arrival, objects to holding the meeting or transacting at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Chair. The Chair shall be chosen from among the directors by a vote of a majority of the directors then in office. The Chair will continue to serve until his or her successor is elected or his or her term of office as a director ends or until he or she is removed by a vote of a majority of the directors then qualified. The Chair will have the duty of presiding over all meetings of the Board, and other such duties, if any, as the Board may determine.

Quorum. A majority of the total number of directors shall constitute a quorum for the trans-

action of business at any meeting of the Board. If a quorum is not present, a majority of those in attendance may adjourn the meeting from time to time until a quorum is obtained.

Action Without a Meeting. Any action required or permitted to be taken at a meeting of directors may be taken without a meeting, without prior notice and without a vote, if a unanimous consent in writing, setting forth the action so taken, is signed by all the directors, and is delivered to the Corporation in accordance with applicable law. Such written consent shall have the same force and effect as a unanimous Board Vote.

Meetings Held Through Communications Equipment. Meetings may be held by means of conference telephone or similar communications equipment so that all persons participating in the meeting can hear one another and participation in a meeting pursuant to this paragraph will constitute presence in person at a meeting.

Powers and Duties. The Board will have general power to direct the management of the business and affairs of the Corporation.

Compensation. The Board shall not receive compensation for services rendered in its capacity as the Board to or on behalf of the Corporation.

Committees. The Board may, by Board Vote, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Such committees, to the extent provided in a resolution of the Board or in these Bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation except the power to adopt, amend or repeal these Bylaws or other powers prohibited from being delegated to such a committee bylaw.

Advisory Board. The Board may, by Board Vote, create an advisory board, which may consist of persons who are not the Member or directors of the Corporation. Such advisory board shall serve in an advisory capacity only and may not exercise any of the powers and authority of the Board in the management of the business and affairs of the Corporation.

OFFICERS

Designation of Officers. The officers of the Corporation shall be a President, a Secretary, a Treasurer, and such other officers, if any, as the Board may from time to time elect.

Election and Term of Office. The officers of the Corporation shall be chosen by Board Vote to hold office until their successors are elected or they are removed by Board Vote.

Powers and Duties. All officers of the Corporation shall have such authority and perform such duties in the management of the property and affairs of the Corporation as generally pertain to their respective offices, as well as such authority and duties as may be determined by the Board.

Removal. Any officer of the Corporation may be removed (with or without cause) by Board Vote.

The President. The President shall be the chief executive officer of the Corporation and, subject to the direction of the Board, shall supervise and oversee the day-to-day management of the business, affairs and property of the Corporation, and shall have general supervision and oversight over all other officers and agents. In general, the President shall have all powers, and shall perform all duties, incident to the office of President.

The Secretary. The Secretary shall be the custodian of the corporate records of the Corporation and, subject to the supervision and oversight of the President and the Board, shall:

- (i) keep minutes of all proceedings of the Board
 - (ii) cause all notices to be duly given in accordance with these Bylaws and as required bylaw
- In general, the Secretary shall have all powers, and shall perform all duties, incident to the office of the Secretary.

Section 4.8 The Treasurer. The Treasurer shall be the principal financial officer of the Corporation and, subject to the supervision and oversight of the President and the Board, shall have charge of, and be responsible for, all funds, securities, receipts and disbursements of the Corporation. Specifically, the Treasurer shall:

- (i) arrange for the opening and management of bank accounts in the name of the Corporation;
- (ii) keep correct and complete books and records of account of all of the business and financial transactions of the Corporation;
- (iii) receive and give receipts for monies due and payable to the Corporation from any source whatsoever;
- (iv) cause the monies and other valuable effects of the Corporation to be deposited in the name of the Corporation with such depositories as may be designated by the Board or by any officer or officers authorized to do so by the Board;
- (v) cause the funds of the Corporation to be invested and managed in accordance with the policies set by the Board;
- (vi) cause the funds of the Corporation to be disbursed by check or draft, with such signatures as may be authorized by the Board from time to time, and cause to be taken and preserved proper vouchers for all such funds disbursed;
- (vii) render to the Board, whenever requested, a statement of the financial condition of the Corporation and a description of all of the financial transactions of the Corporation;
- (viii) be empowered to require from all officers or agents of the Corporation reports or statements providing such information as he or she may desire with respect to any and all financial transactions of the Corporation;
- (ix) have primary responsibility for the design, implementation, maintenance and enhancement of a system or systems of financial controls ensuring that all aspects of the Corporation's business are carried out appropriately;
- (x) arrange for the preparation and timely filing of any tax returns, charitable solicitation licenses and similar documents of the Corporation.

In general, the Treasurer shall have all powers, and shall perform all duties, incident to the office of the Treasurer.

INDEMNIFICATION AND INSURANCE

General. Without limiting the generality or effect of any contractual right to indemnification, the Corporation will to the fullest extent permitted by UTOPIA law as then in effect, or by other applicable law, indemnify any person (an "Indemnitee") who is or was involved in any manner (including without limitation as a party or a witness) or is threatened to be made so

involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including without limitation any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a “Proceeding”) by reason of the fact that such person is or was or had agreed to be a member, director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Board as a member, director, officer, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, whether or not for profit (including the heirs, executors, administrators or estate of such person), or anything done or not done by such person in any such capacity, against all out-of-pocket expenses (including reasonable attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. Such indemnification may include the right to receive payment of expenses as they are incurred by an Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect. At any time the Corporation is deemed to be a private foundation (within the meaning of Section 509 of the Code), no payment shall be made under this Section 5.1 if such payment would constitute an act of self-dealing or a taxable expenditure, as defined in Sections 4941(d) and 4945(d), respectively, of the Code.

Indemnification Not Exclusive. The indemnification provided by these Bylaws will not be exclusive of any other rights which such member, director, officer, or agent may have under any other instrument or by reason of any action or otherwise and will be applicable to Proceedings commenced or continuing after the adoption of these Bylaws, whether arising from acts or omissions occurring on or after such adoption.

Insurance. The Corporation may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement or incurred by any Indemnitee in connection with any Proceeding referred to in these Bylaws or otherwise, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any person entitled to indemnification under these Bylaws or otherwise, and may create a trust fund, grant a security interest or use other means (including without limitation a letter of credit or other instrument) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in these Bylaws.

GENERAL

Definitions. Terms that are defined in these Bylaws are used herein as so defined when used with the initial capital letters.

Fiscal Year. The fiscal year of the Corporation shall end on August 31, or such other period as may be fixed by the Board.

Checks, Notes and Contracts. The Board shall determine who shall be authorized from time to time on the Corporation's behalf to sign checks, drafts, or other orders for payment of money; to sign acceptances, notes, or other evidences of indebtedness; to enter into contracts; or to execute and deliver other documents and instruments.

Books and Records. The Corporation shall keep at its principal office correct and complete books and records of account minutes of the proceedings of the Member and the Board, and a current list of the directors and officers of the Corporation having any of the authority of the Board. All books and records of the Corporation may be inspected by any officer or director, or his or her agent or attorney, for any proper purpose at any reasonable time.

Severability. Every provision of these Bylaws is intended to be severable, and if any term or provision is invalid for any reason whatsoever, such invalidity will not affect the validity of the remainder of these Bylaws.

AMENDMENTS

General. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board as permitted bylaw (except as hereinafter provided in Section 8.2), by Board Vote; provided, that, no alteration or amendment to, or repeal of, Article II (Membership) of these Bylaws shall be made without the consent of the Member.

Restrictions. The Bylaws may not be amended in such manner as would conflict with the Certificate of Incorporation, and no amendment may authorize the Corporation to conduct its affairs in any manner or for any purposes contrary to the provisions of Section 501(c)(3) of the Code. At all times the Bylaws must remain in compliance with the provisions of Section 501(c)(3) of the Code.

DOCUMENT RETENTION AND DESTRUCTION POLICY/PROCEDURE

POLICY

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention and destruction of documents received or created by the Foundation in connection with the transaction of Foundation business. This policy covers all records and documents, regardless of physical form, and contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Foundation's operations by promoting efficiency and freeing up valuable storage space.

PROCEDURE(S)

Document Retention

The Foundation follows the document retention procedures outlined below. Documents not listed, but substantially similar will be retained for the appropriate length of time either on paper or electronically.

Corporate Records

Articles of Incorporation and Bylaws	Permanent
Board Meeting Minutes, Policies and Resolutions	Permanent
Major Contracts (after expiration)	7 years
General Contracts (after expiration)	3 years
Fixed Asset Records	Permanent (included with Audit work papers)
IRS Determination (509(a)(1) Letter)	Permanent
Property and Construction Documents	Permanent
Accreditation Binders	Permanent

Accounting and Corporate Tax Records

Annual Audits and IRS 990 Tax Returns	Permanent
Business Expense Records	7 years
Cash Receipts (expense/petty cash/purchase orders)	7 years
Credit Card Receipts	7 years
Donor Records and Acknowledgement Letters	7 years
Invoices	7 years
IRS 1099s & W-9s	7 years
Journal Entries	7 years

Bank Records

Bank Statements, Reconciliation and Deposit Slips	7 years
Electronic Fund Transfer Documents	7 years

Payroll and Employment Tax Records

Payroll Earnings, Garnishment Records & Payroll Taxes	7 years
State Unemployment Tax Records	Permanent
W-2 Statements	7 years

Employee Records

Accident Reports and Worker's Compensation Records	5 years
Employment Applications	3 years
Employment and Termination Agreements	Permanent
I-9 Forms	3 years after termination
Retirement Plan Documents	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years after termination

Legal, Insurance and Safety Records

Appraisals, Environmental Studies, Real Estate Documents	Permanent
Insurance Policies	Permanent
Leases	6 years after expiration
Investment Statements (year-end), Stock and Bond Records	7 years

Program/Grantmaking

Annual Reports	Permanent
Awarded Scholarship/Grant Applications & Reports	7 years
Board Committee Minutes, Records, Approval Lists	7 years
Declined Scholarship/Grant Applications	3 years
Fund Agreements	Permanent
Fund Documentation	7 years past close of the fund

Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the docu-

ment types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

Emergency Planning

The Foundation’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Foundation operating in an emergency will be duplicated or backed up off site.

Document Destruction

The Foundation’s CEO is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. A list of the items destroyed and the destruction date will be documented. Financial and personnel-related documents will be destructed by shredding.

Document destruction will be suspended immediately, upon indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Foundation and its employees and possible disciplinary action against responsible individuals. The CEO and Executive Committee will periodically review these procedures with legal counsel or the Foundation’s certified public accountant to ensure that they are in compliance with new or revised regulations.

Whistleblower Policy

PURPOSE

- It is the policy of The **ACME CO Foundation** (hereafter, the “Foundation”) that its operations are conducted according to the highest standard of integrity, and that its Governing Committee members, officers, employees, consultants, volunteers, vendors, and other agents avoid situations that might conflict with their responsibilities on behalf of the Foundation. Such individuals must practice honesty and candor.

SCOPE OF POLICY

- All Governing Committee members, officers, employees, consultants, volunteers, vendors, and other agents, are covered by the scope of this policy and its guidelines. This policy shall also apply to **ACME CO Foundation** and each supporting organization of The **ACME CO Foundation**.

POLICY

- It is the responsibility of all those noted in the above Scope of Policy (“reporting individuals”) to comply with this whistleblower policy by reporting violations or suspected violations in accordance with this policy.
- The objectives of the Foundation’s whistleblower policy are to establish policies and procedures to:
 - o Prevent or detect and correct improper activities.
 - o Encourage each reporting individual to report what he or she in good faith believes to be a material violation of law or policy or questionable accounting or auditing matter by the Foundation.
 - o Ensure the receipt, documentation, retention of records, and resolution of reports received under this policy.
 - o Protect reporting individuals from retaliatory action.
- Reporting individuals should notify the Foundation if an action needs to be taken in order for the Foundation to be in compliance with law, policy, or generally accepted accounting practices. The types of concerns that should be reported include, for purposes of illustration and without limitation, the following:

- o Providing false or misleading information in the Foundation's financial documents, grant reports, tax returns, or other public documents
- o Providing false information to or withholding material information from the Foundation's auditors, accountants, lawyers, Governing Committee members, or other representatives responsible for ensuring the Foundation's compliance with fiscal and legal responsibilities
- o Embezzlement, private benefit, or misappropriation of funds
- o Material violation of Foundation policies including, among others, confidentiality, conflict of interest and ethics, whistleblower, and document retention
- o Discrimination based on race, gender, sexual orientation, ancestry, disability, or other status protected by law or policy
- o Facilitation or concealing any of the above or similar actions

REPORTING CONCERNS

- **Employees** – Whenever possible, employees should seek to resolve concerns by reporting issues directly to their manager or to the next level of management, as needed, until matters are satisfactorily resolved. If, for any reason, an employee is not comfortable speaking to a manager or does not believe the issue is being properly addressed, the employee may contact the Director of Human Resources or the President and CEO. If an employee does not believe that these channels of communication can or should be used to express his/her concerns, the employee should contact **ACME CO**. **ACME CO** is an independent organization operating 24 hours a day, 7 days a week, to receive confidential telephone calls to report unethical or illegal workplace activities. **ACME CO** in turn will confidentially report this information to the Chairman of the Foundation's Governing Committee. **ACME CO's** telephone number is 888-800-0001.
- **Other reporting individuals** – Reporting individuals other than employees should submit concerns to the President and CEO. If such a reporting individual is not comfortable reporting to the President and CEO or if he/she does not believe the issue is being properly addressed, this individual should contact the Network. The Network is an independent organization operating 24 hours a day, 7 days a week, to receive confidential telephone calls to report unethical or illegal workplace activities. The Network in turn will confiden-

tially report this information to the Chairman of the Foundation's Governing Committee. The Network's telephone number is 877-888-0002.

HANDLING OF REPORTED VIOLATIONS

- The Foundation will investigate all reports filed in accordance with this policy with due care and promptness. Matters reported internally by employees without initial resolution will be investigated by the Director of Human Resources or the President and CEO, as the case may be, to determine if the allegations are true, whether the issue is material, and what actions, if any, are necessary to correct the problem. The Foundation staff will issue a full report of all matters raised under this policy to the Foundation's Governing Committee.
- With respect to matters reported to the Chairman of the Foundation's Governing Committee, the Chairman shall promptly (generally within five business days) acknowledge receipt of the complaint to the reporting individual if the reporting individual is known. An investigation will be held to determine if the allegations are true, whether the issue is material, and what, if any, corrective action is necessary. Upon the conclusion of this investigation, the Chairman of the Governing Committee shall promptly report the findings to the Governing Committee.

AUTHORITY OF THE CHAIRMAN GOVERNING COMMITTEE

- The Chairman of the Governing Committee shall have full authority to investigate concerns raised in accordance with this policy and may retain outside legal counsel, accountants, private investigators, or any other resource that such Chairman reasonably believes is necessary to conduct a full and complete investigation of the allegations.

NO RETALIATION

- No reporting individuals who in good faith report a violation of the policy shall suffer harassment, retaliation, or adverse consequences. An individual who retaliates against a reporting individual who has made such a report in good faith is subject to discipline up to and including termination of employment. This policy is intended to encourage and enable

reporting individuals to raise serious concerns within the Foundation prior to seeking resolution outside the organization.

ACTING IN GOOD FAITH

- Any reporting individual must act in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the policy. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

CONFIDENTIALITY

- Violations or suspected violations may be submitted on a confidential basis by the reporting individual or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Conflict of Interest Policy

Adopted: March ____, 2022

PURPOSE

ACME CO Charitable Foundation (“the Foundation”) is committed to the highest levels of integrity in pursuing its mission of furthering charitable, educational, scientific and literary purposes through grantmaking. The purpose of this Conflict of Interest Policy (the “Policy”) is to ensure that decisions are not affected by conflicts of interest so that (a) all actions taken by the Foundation are in furtherance of its mission and (b) its resources are not used to serve private interests.

SCOPE

This Policy applies to each director, officer, employee and individual serving on a committee of the board of directors of the Foundation (the “Board”) or an advisory committee.

DEFINITIONS

As used herein, the following terms shall have the following meanings, unless the context requires otherwise:

1. Conflict of Interest – A situation where an individual acting on behalf of the Foundation has interests that may influence or may appear to influence the individual’s ability to make impartial decisions.
2. Covered Person – A director, officer, employee or individual serving on a committee of the Board or an advisory board of the Foundation.
3. Immediate Family Member – A spouse, parent, child, sibling, grandparent, grandchild, in-law, stepparent, stepchild, guardian, ward or other member of a person’s household.
4. Substantial Interest – A financial or contractual interest, or a relationship or affiliation, that could affect or be seen as affecting one’s judgment in making a decision about the Foundation, including, but not limited to, decisions about its grants. Substantial Interests may be direct or indirect.
 - a. Examples of direct Substantial Interests include, but are not limited to, the following:
 - i. Serving as a board member, officer or employee of an organization that is seeking a grant from the Foundation.
 - ii. Serving as a paid contractor of the Foundation.

- b. Examples of indirect Substantial Interests include, but are not limited to, the following:
- i. Having an Immediate Family Member who is a founder, board member, director or employee of an organization that is seeking a grant from the Foundation.
 - ii. Owning a business that provides significant levels of goods or services to the Foundation.

POLICY

1. Substantial Interest. Every Covered Person has a responsibility to identify and disclose all Substantial Interests when and as they arise.
2. Annual Disclosure; Updated Disclosure. Each member of the Board shall complete the conflict of interest disclosure questionnaire attached hereto as Exhibit A (the “Conflict of Interest Disclosure Questionnaire”) to disclose Substantial Interests (a) before beginning service on the Board, (b) each year thereafter that he or she remains on the Board, and (c) promptly any time that he or she becomes aware of a Substantial Interest that arises or was not previously disclosed. Each officer, member of a Board committee who is not a director, and member of a Foundation advisory board shall complete the Conflict of Interest Disclosure Questionnaire (a) before beginning service as an officer or serving on such committee or advisory board, (b) each year thereafter that he or she remains an officer or member of a committee or advisory board, and (c) promptly any time that he or she becomes aware of a Substantial Interest that arises or was not previously disclosed. Each employee shall complete the Conflict of Interest Disclosure Questionnaire to disclose Substantial Interests (a) before beginning employment with the Foundation, (b) each year thereafter that he or she remains an employee of the Foundation, and (c) promptly any time that he or she becomes aware of a Substantial Interest that arises or was not previously disclosed. If, for example, a Covered Person becomes aware that the Foundation is considering a new grant to an organization in which the Covered Person has a Substantial Interest that has not previously been disclosed, the Covered Person must promptly disclose the Substantial Interest.
3. Actual or Potential Conflicts. Disclosure must be made with respect to Substantial Interests of the Covered Person and his or her Immediate Family Members that present actual Conflicts of Interest for ongoing or potential grants, sponsorships or other Foundation

payments, or grants, sponsorships or other Foundation payments that the Covered Person has reason to believe may occur. Disclosure must also be made of Substantial Interests that may lead to a perceived Conflict of Interest, even if the Covered Person believes that he or she can make impartial judgments despite such Substantial Interests. In case of doubt, disclosure should be made. Disclosure forms are to be submitted to the Secretary of the Foundation. The Secretary of the Foundation shall submit his or her disclosure form to the President of the Foundation.

4. Confidentiality. The Secretary of the Foundation shall receive, process and hold as confidential information all disclosures of Substantial Interests.
5. Evaluation. The Secretary of the Foundation shall review the disclosures to identify those that may give rise to a Conflict of Interest with respect to one or more matters. Whether a Conflict of Interest arises may depend upon whether the matter potentially affected by a Covered Person's Substantial Interest is material to the overall activities of the Foundation.
 - a. If a director or a member of a Board committee discloses a Substantial Interest that may give rise to a Conflict of Interest, the Board shall determine whether the director has a Conflict of Interest. The President shall review proposed agendas for meetings of the Board and Board committees to identify matters that may give rise to a Conflict of Interest for one or more directors and shall notify the director(s) in advance of the meeting.
 - b. If the President has a Substantial Interest that may give rise to a Conflict of Interest, he/she shall disclose it to the Board Chair, and the members of the Board (other than the President) shall determine whether the President has a Conflict of Interest.
 - c. If an employee or a member of an advisory board discloses a Substantial Interest that may give rise to a Conflict of Interest, the President shall determine whether the employee or advisory board member has a Conflict of Interest.
6. Refraining from Participation. When a Covered Person has a Conflict of Interest with respect to a matter, the Covered Person shall refrain from engaging in discussion about or participation in, or seeking to influence the Foundation's decisions about, the matter.
 - a. Where the Covered Person with the Conflict of Interest is a director, the Covered Person shall be recused from deliberating, voting or otherwise participating in Board decisions about the matter, except for providing any information that the Board requests. The recusal shall be noted in the minutes of any Board meeting where the matter is the

subject of discussion or voting.

b. Where the Covered Person with the Conflict of Interest is a member of a Board committee, a record of the Conflict of Interest shall be maintained by the Secretary, notice of the Conflict of Interest shall be provided to other committee members as needed, and the Covered Person's recusal shall be noted in the minutes of any committee meeting where the matter is the subject of discussion or voting.

7. Failure to Disclose. A Covered Person's failure to disclose a Substantial Interest may result in the Foundation, or the Board (if the Covered Person is a director or Board committee member) taking such actions as it deems appropriate, including removal from office or termination of employment.

8. Transactions that involve a Conflict of Interest. Contracts with firms or organizations that are owned, controlled by, or employ a Covered Person or his or her Immediate Family Member are permitted only where the Foundation determines that any Conflict of Interest will not affect the Foundation's ability to monitor, evaluate or audit the transaction and otherwise protect the Foundation's interest in the transaction.

CONFLICT DISCLOSURE FORM

I have read and I understand the ACME CO Charitable Foundation's Conflict of Interest Policy. I agree to comply with the Conflict of Interest Policy.

Check those that apply:

- To the best of my knowledge and belief, except as disclosed herein, I have no Substantial Interest that presents an actual or potential conflict of interest with respect to the **ACME CO Charitable Foundation's** proposed or ongoing grants, sponsorships and payments.
- My Substantial Interests that present an actual or potential conflict of interest with respect to the **ACME CO Charitable Foundation's** transactions or arrangements are as follows:

- I serve as a director, officer or director or otherwise hold a significant position with the following organization(s) that have applied for grants from the ACME CO Charitable Foundation:

<u>Name of Organization</u>	<u>Address</u>	<u>Position</u>
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- An Immediate Family Member serves as a director, officer, director or employee or otherwise holds a significant position with the following organization(s) that have applied for grants from the **ACME CO Charitable Foundation**:

<u>Name of Organization</u>	<u>Address</u>	<u>Position</u>
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Signature: _____

Print Name: _____

Date: _____

Example 2: Conflict of Interest Policy

The **ACME CORPORATION** Foundation

Conflicts of Interest Policy

Effective **18 January 2019**

PURPOSE

It is good practice that the Foundation be aware of any activities that may conflict or appear to conflict with its best interest. This Conflicts of Interest Policy has been developed to ensure that the Foundation is made aware of these situations so that appropriate measures may be initiated to avoid possible actions not in the best interest of the Foundation. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

GENERAL PRINCIPLES

Accordingly, it is the Foundation's policy that an employee, officer, or trustee disclose in advance in detail any of their activities or interests that may conflict or appear to conflict with the Foundation's best interest.

POLICY GUIDELINES

While it is not possible to describe, or even anticipate, all the circumstances and situations that might involve or appear to involve a conflict of interest, the following enumerations of some such activities are given by way of illustration:

- Being directly or indirectly connected with any business, other than **ACME CORPORATION** and its affiliates, which sells or provides materials, supplies, equipment, facilities, or services to the Foundation.
- Being directly or indirectly connected with any charitable organization which applies for or receives grants from the Foundation.
- Accepting payments in any amount, gifts, entertainment, or any other personal favors or preferment that go beyond common courtesies, from anyone with whom the Foundation has or is likely to have any business dealings or from charitable organizations which apply for or receive grants from the Foundation. This does not include participating in reasonable events that are held as fundraisers or for recognition by charitable organizations that the Foundation supports.

DEFINITIONS

The definition of directly connected includes, but is not limited to; being an owner, partner, officer, director, trustee, committee member, frequent volunteer, or shareholder of the business or charitable organization or receiver of wages, salary, bonus, fees, commissions, or other compensation of value from the business or charitable organization. Supporting a charitable organization through personal charitable donations, as an occasional volunteer other than in a position listed in the preceding sentence, or as an occasional participant in events sponsored by the charitable organization shall not be considered directly connected.

The definition of indirectly connected includes, but is not limited to; an immediate family member being directly connected with the business or charitable organization.

The definition of employee includes actual employees of the Foundation, employees of **ACME CORPORATION** who spend more than twenty-five percent (25%) of their time providing services to the Foundation or any employees who approve Foundation grants.

ADMINISTRATION

1. Duty to Disclose

In connection with any actual or possible conflict of interest, the employee, officer, or trustee must disclose the existence of the actual or potential conflict to the Foundation Trustees, and at a minimum, each employee, officer, or trustee shall annually disclose every charitable organization for which such person or a member of such person's immediate family serves as a director, trustee, officer, or committee member.

2. When a Conflict of Interest Exists

In the case of a direct or indirect connection, as noted above, a conflict of interest exists. If it is unclear, the trustees will determine if a conflict exists. When a conflict exists, the employee, officer or trustee is required to recuse themselves from all decisions regarding the relevant business or charitable organization.

MINIMUM ANNUAL DISCLOSURE WORKSHEET

Person (Employee, Officer, Trustee)	Conflict Person (Self or Family member)	Charitable Organization	Position Held or Relationship

Name: _____

Signature: _____

Date: _____

Conflict of Interest Statement: Sample 1

XXX FOUNDATION, INC. CONFLICT OF INTEREST STATEMENT

Annually **The XXX Foundation, Inc.** (the “Foundation”) requires each member of the Board of Directors and all members of its advisory committees to 1) review the Foundation’s Conflict-of-Interest Policy (the “Policy”); 2) disclose any possible personal, familial, or business relationship that reasonably could give rise to a conflict of interest or the appearance of a conflict of interest; and 3) acknowledge by their signature that they are acting in accordance with the letter and spirit of such Policy.

The information provided on this form shall be confidential and stored in the custody of the legal counsel of the Foundation and the Chair of each board or advisory committee. It shall be reviewed by the legal counsel and the Chair of the Governance and Audit Committee. It shall be made available to the Board of Directors if and when an issue arises over a potential conflict of interest of the Director or advisor whose signature appears below.

In accordance with the Policy, this statement also requires you to provide information with respect to certain parties that are related to you. These persons are termed “affiliated persons” and include the following:

1. a family member including a spouse, ancestors, children, grandchildren, great grandchildren, siblings (whether by whole or half blood), and the spouses of children, grandchildren and great grandchildren and siblings;
2. an entity in which you have a material financial interest. This includes entities in which you and all the individuals or entities having significant relationships with you own, in the aggregate, more than 10 percent; or
3. an entity in which you are an officer, director, trustee, partner, or employee of the other party.

1. Offices and Positions

Are you or an affiliated person an officer, director, trustee, partner (general or limited), employee or agent of any organization that has or has had within the past twelve months business dealings with the Foundation of which you are aware?

_____ Yes

_____ No

If “Yes”, please identify the organization and explain the nature of the relationship:

2. Ownership or Financial Interests

Do you, or does any affiliated person, have a financial interest of 10% or greater in, or receive financial remuneration or income from, any business organization that has or has had within the past twelve months, business dealings with the Foundation of which you are aware?

_____ Yes _____ No

If “Yes,” please identify the organization and explain the nature of the relationship:

3. Remunerative Activities

Do you or any affiliated person expect to receive gifts, loans, or remuneration for services in excess of \$5,000.00 from an organization with which there is a reasonable possibility the Foundation has, or may in the next twelve months have business dealings?

_____ Yes _____ No

If “Yes”, please identify the organization and explain the nature of the relationship.

4. Other Involvement

Do you, or does any affiliated person have involvement in any other entity sufficient to create a real or potential conflict with the best interests of the Foundation (examples would be standing to benefit personally or via a business relationship from a transaction involving the Foundation or representing a client who stands to benefit from a transaction involving the Foundation)?

_____ Yes

_____ No

If “Yes”, please explain

I certify that the foregoing information is true and complete to the best of my knowledge and belief; that I have received, read and understand the Conflict of Interest Policy of the Foundation, and that I will promptly notify the Counsel to the Foundation if there should arise any facts and circumstances that would cause any potential or real conflict of interest between me, any affiliated person and the Foundation not listed herein.

Signature

Date

Conflict of Interest Statement: Sample 2

XXX FOUNDATION, INC. CONFLICT OF INTEREST STATEMENT

Annually **The XXX Foundation, Inc.** (the, “ Foundation”) requires each member of the Board of Directors and all members of its advisory committees to 1) review the Foundation’s Conflict-of-Interest Policy (the “Policy”); 2) disclose any possible personal, familial, or business relationship that reasonably could give rise to a conflict of interest or the appearance of a conflict of interest; and 3) acknowledge by their signature that they are acting in accordance with the letter and spirit of such Policy.

The information provided on this form shall be confidential and stored in the custody of the legal counsel of the Foundation and the Chair of each board or advisory committee. It shall be reviewed by the legal counsel and the Chair of the Governance and Audit Committee. It shall be made available to the Board of Directors if and when an issue arises over a potential conflict of interest of the Director or advisor whose signature appears below.

In accordance with the Policy, this statement also requires you to provide information with respect to certain parties that are related to you. These persons are termed “affiliated persons” and include the following:

1. a family member including a spouse, ancestors, children, grandchildren, great grandchildren, siblings (whether by whole or half blood), and the spouses of children, grandchildren and great grandchildren and siblings;
2. an entity in which you have a material financial interest; this includes entities in which you and all the individuals or entities having significant relationships with you own, in the aggregate, more than 10 percent; or
3. an entity in which you are an officer, director, trustee, partner, or employee of the other party.

4. Offices and Positions

Are you or an affiliated person an officer, director, trustee, partner (general or limited), employee or agent of any organization that has or has had within the past twelve months business dealings with the Foundation of which you are aware?

_____ Yes

_____ No

If “Yes”, please identify the organization and explain the nature of the relationship:

5. Ownership or Financial Interests

Do you, or does any affiliated person, have a financial interest of 10% or greater in, or receive financial remuneration or income from, any business organization that has or has had within the past twelve months, business dealings with the Foundation of which you are aware?

_____ Yes

_____ No

If “Yes,” please identify the organization and explain the nature of the relationship:

6. Remunerative Activities

Do you or any affiliated person expect to receive gifts, loans, or remuneration for services in excess of \$5,000.00 from an organization with which there is a reasonable possibility the Foundation has, or may in the next twelve months have business dealings?

_____ Yes

_____ No

If “Yes”, please identify the organization and explain the nature of the relationship.

7. Other Involvement

Do you, or does any affiliated person have involvement in any other entity sufficient to create a real or potential conflict with the best interests of the Foundation (examples would be: standing to benefit personally or via a business relationship from a transaction involving the Foundation ; or representing a client who stands to benefit from a transaction involving the Foundation)?

_____ Yes

_____ No

If “Yes”, please explain

I certify that the foregoing information is true and complete to the best of my knowledge and belief, that I have received, read and understand the Conflict of Interest Policy of the Foundation, and that I will promptly notify the Counsel to the Foundation if there should arise any facts and circumstances that would cause any potential or real conflict of interest between me, any affiliated person and the Foundation not listed herein.

Signature

Date

Checklist for Tax and Corp Compliance

Task	Timing	Notes	Task Owner
Maintain records	In perpetuity	<p>To comply with federal tax law,</p> <ul style="list-style-type: none"> Foundation must retain copy of its IRS exemption application (Form 1023) and provide a copy in response to requests. Foundation must retain copies of its 3 most recently filed IRS information returns (Form 990-PF) and provide copies in response to requests. <p>Foundation should retain copy of its Certificate of Incorporation and its Bylaws and any subsequent amendments to either document.</p>	Legal and Tax
File annual report with state of UTOPIA	Annually	https://corp.UTOPIA.gov/paytaxes/	Tax and Possibly Legal
Keep minutes of Board meetings	Board should meet at least annually	Minutes should be retained along with policies and other corporate documents.	Legal
Make minimum annual charitable distributions	Annually	<p>Foundation must distribute 5% of value of monthly average of asset value across the year. Foundations that spend most of what they receive each year (rather than holding a pool of assets and spending investment income) will easily meet this requirement. Net investment income tax and reasonable and necessary administrative expenses count against the required payout. Amounts in excess of required minimum may be carried forward for up to 5 years. If distributions fall short of the minimum for the taxable year, have until end of succeeding taxable year to satisfy the minimum.</p>	Board/President

Provide substantiation to ACME CO for contributions	Whenever contributions are received	ACME CO must have a written acknowledgment from the Foundation that states amount of donation and whether any goods or services were provided in return in order to claim a charitable contribution deduction for the gift. (See IRC §170(f)(8))	President/CR Team
File annual IRS information return (Form 990-PF)	Annually	<p>Foundation must file for short year of incorporation even if IRS has not yet issued 501(c)(3) determination letter.</p> <p>Form 990-PF instructions require filing copy of return with state AG for state of incorporation (UTOPIA) and state AG where office is located (UTOPIA).</p> <p>Requires reporting of each grant made during taxable year. Records will need to be kept of each grant, including name and proof of section 501(c)(3) tax-exempt status of grantee.</p>	Tax
Secure annual conflict of interest disclosures from Directors and Officers	Annually	Pursuant to conflict of interest policy	President
Check for potential quarterly estimated tax payments of net investment income tax (Form 990-W)	Quarterly – due 15th day of the 5th, 6th, 9th and 12th months in the taxable year.	<p>Private foundations owe an annual 1.39% excise tax on their net investment income.</p> <p>https://www.irs.gov/charities-non-profits/private-foundations/tax-on-net-investment-income</p> <p>If Foundation is holding limited assets and earning little or no investment income, it is unlikely to have an estimated tax payment obligation.</p>	Tax

Reimburse Directors, Officers and Committee Members for expenses incurred	As and when documentation of expense is submitted to [?].	Documentation must show amount of expense and explain connection to carrying out charitable work of the Foundation. Reimbursement limited to amount of expense actually incurred.	
Grantmaking	For each grant	<p>Collect documentation that grantee is a section 501(c)(3) public charity before making grant. Grantee may provide copy of its IRS determination letter.</p> <p>Alternatively, check status of grantee by putting its EIN in IRS database at https://www.irs.gov/charities-non-profits/search-for-tax-exempt-organizations.</p> <p>Foundation may not provide scholarships or grants for travel, study or research to individuals without first receiving formal written IRS approval of grantmaking procedures.</p>	CR Team
Sponsorship for events	For any purchases of tickets to charity events (e.g., dinners, golf tournaments)	<p>If Foundation sponsors a charity's fundraising event and receives tickets, Foundation must be responsible for inviting guests to use tickets.</p> <p>To avoid impermissible self-dealing, Foundation may not turn tickets over to ACME CO to use at its discretion or split the cost of the tickets with ACME CO.</p> <p>Providing tickets to spouses or family members of Foundation directors and officers also creates risk of self-dealing and is best avoided.</p> <p>For more information: https://www.cof.org/sites/default/files/documents/files/Thats-the-Ticket.pdf</p>	Plan to fund sponsorship in a very focused way (Exec speaking engagements ..) from corporate.

Action by Unanimous Written Consent In Lieu of the Organizational Meeting

By The Board Of Directors Of **ACME CO Charitable Foundation**

The undersigned, constituting all of the members of the Board of Directors (the “Board”) of **ACME CO Charitable Foundation**, a **UTOPIA** charitable nonstock corporation (the “Corporation”), pursuant to Section 141(f) of the **UTOPIA** General Corporation Law (the “DGCL”) and the Bylaws of the Corporation to be adopted herein, hereby adopt the following resolutions by unanimous written consent, without a meeting, effective as of the last date set forth below which is the date the last consent is received by the Corporation, either via written signature hereto or consent via electronic mail:

1. ACTIONS OF SOLE INCORPORATOR.

WHEREAS, **ACME CO** served as the Sole Incorporator of the Corporation (the “Sole Incorporator”), and appointed the initial directors of the Corporation in the Certificate of Incorporation.

NOW, THEREFORE, BE IT RESOLVED, that all actions taken by the Sole Incorporator to effect the incorporation of the Corporation, including, without limitation, filing the Certificate of Incorporation of the Corporation with the Secretary of State of the State of **UTOPIA** and appointing the initial directors of the Corporation, be and hereby are, ratified, adopted and approved and that such actions shall be binding upon the Corporation to the same extent as if authorized by this resolution.

RESOLVED FURTHER, that the Corporation shall indemnify and hold harmless the Incorporator of the Corporation for all actions taken between the time of formation of the Corporation to the date hereof.

2. RESIGNATION OF SOLE INCORPORATOR.

WHEREAS, the Sole Incorporator after appointing the initial directors of the Corporation resigned as the Sole Incorporator on November 19, 2021.

NOW, THEREFORE, BE IT RESOLVED, that the resignation of the Sole Incorporator is accepted, approved, and ratified.

3. INCORPORATION AND ORGANIZATION EXPENSES.

RESOLVED FURTHER, that the President and such officers as he or she may direct be, and each is hereby authorized, directed and empowered to pay the expenses of the incorporation and organization of the Corporation and expenses incurred by the Sole Incorporator in the formation of this Corporation.

4. ARTICLES OF INCORPORATION.

RESOLVED, that the Certificate of Incorporation of the Corporation (the “Certificate of Incorporation”) filed with the UTOPIA Secretary of State on DATE, be, and hereby is, ratified and affirmed.

5. AGENT FOR SERVICE OF PROCESS.

RESOLVED, that the agent named as the initial agent for service of process in the Certificate of Incorporation is hereby confirmed as this Corporation’s agent for service of process.

6. MINUTE BOOK.

RESOLVED, that the Corporation shall maintain as part of its corporate records a minute book, which may be in electronic form and which shall include, but not be limited to, a record of its Certificate of Incorporation and any amendments thereto, its Bylaws and any amendments thereto, its Conflict of Interest Policy and any amendments thereto, minutes of all meetings of the Board and its committees, and all written consents of the directors and Board committees (the “Minute Book”).

7. ADOPTION OF BYLAWS; BOARD SIZE.

RESOLVED, that the Bylaws attached hereto as Exhibit A be, and the same hereby are, adopted and approved as the Bylaws of and for the Corporation.

RESOLVED FURTHER, that the Secretary of the Corporation be, and hereby is, authorized and directed to execute a Certificate of Adoption of the Bylaws, to insert the Bylaws as so certified in the Minute Book and to see that a copy of the Bylaws, similarly certified, is kept at the Corporation’s principal office, as required bylaw.

RESOLVED FURTHER, that pursuant to the Bylaws of the Corporation, the board of directors shall initially consist of three (3) directors and the President, who shall serve as a director ex officio, with vote, and the number of directors shall be fixed by the Board from time to time by resolution of the Board

8. ELECTION OF OFFICERS.

RESOLVED, that the following persons be, and they hereby are, elected as the officers of the Corporation, to serve until the annual meeting or until their successors are duly elected and qualified:

President

Secretary

Treasurer

9. CHECK SIGNING AUTHORITY; DELEGATION OF AUTHORITY.

WHEREAS, the following resolutions are hereby adopted with respect to all banking matters for the Corporation;

RESOLVED, that the President, Secretary and Treasurer be hereby individually authorized:

- a) To designate one or more banks or similar financial institutions as depository or depositories of funds of the Corporation, and to open an account or accounts of the Corporation, including, but not limited to, checking, savings, safety deposit box, and any other special accounts, with any such banks, money market funds, mutual funds, or other financial institutions (all such institutions being hereinafter referred to as “Financial Institutions”) as they may select;
- b) To open, maintain and close general and special accounts with any such Financial Institutions;
- c) To cause to be deposited, from time to time, in such accounts with any such Financial Institutions, such funds of the Corporation as each such officer deems necessary or advisable;
- d) To designate or change the designation of the officer or officers or agent or agents of the Corporation authorized to make the foregoing deposits and to endorse checks, drafts and other instruments for deposit;

- e) To designate, change or revoke the designation, from time to time, of the officer or officers or agent or agents of the Corporation authorized to sign or countersign checks, drafts or other orders for the payment of money issued in the name of the Corporation against any funds deposited in any of such accounts;
- f) To authorize the use of facsimile or electronic signatures for the signing or countersigning of checks, drafts or other orders for the payment of money and to enter into such agreements as Financial Institutions customarily require as a condition for permitting the use of facsimile signatures; and
- g) To make such general and special rules and regulations with respect to such accounts as such officer may deem necessary or advisable and to complete, execute and certify any customary printed blank signature card forms in order to exercise conveniently the authority granted by this resolution, and any resolutions printed on such cards are deemed adopted as a part of this resolution.

RESOLVED, that the President and Treasurer be individually authorized to make withdrawals from or write checks against the Corporation's bank accounts without any dollar amount limitation.

RESOLVED FURTHER, that the Corporation is authorized to enter into such arrangements with any Financial Institution designated by the President, Secretary or Treasurer, that any documentation, required now or in the future by each such Financial Institution in connection with such arrangements are hereby adopted and/or ratified and approved by the Board, and the Secretary or any other officers of the Corporation are hereby authorized to (i) obtain the necessary signatures of each of the officers of the Corporation on any such documentation, (ii) execute the necessary certifications, including any document to certify that such documentation has been duly approved by the Board, and (iii) take such other steps as needed to open such accounts.

RESOLVED FURTHER, that all form resolutions required by any such Financial Institutions be, and they hereby are, adopted in such form used by such Financial Institutions, that the Secretary be, and hereby is, authorized to certify such resolutions as having been adopted at this meeting, and that the Secretary be, and hereby is, directed to insert a copy of any such

form resolutions in the Minute Book immediately following these minutes.

RESOLVED FURTHER, that any such Financial Institution to which a certified copy of these resolutions has been delivered by the Secretary of the Corporation be, and it hereby is, authorized and entitled to rely upon such resolutions for all purposes until it shall have received written notice of the revocation or amendment of these resolutions adopted by the Board.

10. WITHHOLDING TAXES.

RESOLVED, that the officers of the Corporation be, and hereby are, authorized and directed to consult with the bookkeeper, auditors, and attorneys of the Corporation in order to be fully informed as to, and to collect and pay promptly when due, all withholding taxes in respect of which the Corporation may now be (or hereafter become) liable

11. FISCAL YEAR.

RESOLVED, that the fiscal year of this Corporation shall end each year on the 31st day of the month of August.

12. REIMBURSEMENT OF PRE-INCORPORATION EXPENSES.

RESOLVED, that the officers of the Corporation be, and hereby are, authorized and directed to pay the expenses, including but not limited to any expenses, of the President, Secretary, Treasurer or any other officer of the Corporation, on behalf of or in connection with the Corporation prior to the date of incorporation or the date hereof to the fullest extent allowed bylaw.

13. LOCATION OF PRINCIPAL EXECUTIVE OFFICE.

RESOLVED, that the initial location of the Corporation's principal executive office shall be 123 Alphabet Avenue, ANYTOWN, UTOPIA, 01234. Such location may be changed from time-to-time by action of the Board.

14. MANAGEMENT POWERS.

RESOLVED, that, subject to the following resolutions and to any restrictions set forth in any employment agreements by and between the Corporation and an officer of the Corporation,

the officers of the Corporation be, and hereby are, authorized to sign and execute in the name and on behalf of the Corporation all applications, contracts, leases, and other deeds and documents or instruments in writing of whatsoever nature which may be required in the ordinary course of business of the Corporation and which may be necessary to secure for operation of the corporate affairs, governmental permits and licenses for, and incidental to, the lawful operations of the business of the Corporation, and to do such acts and things as such officers deem necessary or advisable to fulfill such legal requirements as are applicable to the Corporation and its purposes.

RESOLVED FURTHER, that the officers of the Corporation, be, and hereby are, each authorized to enter into transactions and/or execute agreements on behalf of the Corporation that involve amounts not exceeding \$100,000 individually, but, without the prior written consent of the Board, shall not and will not have authority to enter into transactions and/or execute agreements on behalf of the Corporation that involve amounts exceeding \$100,000.

15. ADOPTION OF CONFLICT OF INTEREST POLICY.

WHEREAS, each of the officers and/or directors of the Corporation has reviewed the Conflict of Interest Policy attached hereto as Exhibit B.

WHEREAS, each of the officers and/or directors of the Corporation has determined that the procedures set forth in the Conflict of Interest Policy provide adequate safeguards to protect the Corporation's interests when it is contemplating transactions or arrangements that might benefit the private interest of an officer or director of the Corporation or result in a possible excess benefit transaction;

RESOLVED, that the Conflict of Interest Policy be, and the same hereby is, adopted as the Conflict of Interest Policy of and for the Corporation.

RESOLVED FURTHER, that the Secretary of the Corporation be, and hereby is, authorized and directed to execute a Certificate of Adoption of the Conflict of Interest Policy, to insert the Conflict of Interest Policy as so certified in the Minute Book and to see that a copy of the Conflict of Interest Policy, similarly certified, is kept at the Corporation's principal office.

16. ADDITIONAL FILINGS.

RESOLVED, that each officer of the Corporation be, and each of them hereby is, authorized and directed to execute and file, or cause to be filed, with the Secretary of State of the State of **UTOPIA** or any other state, the **UTOPIA** Franchise Tax Board, the Office of the Attorney General of the State of **UTOPIA**, the Internal Revenue Service, or with any other officer, agency, county or other governmental agency of the United States federal government, the State of **UTOPIA**, or any other state, commonwealth, territory, city or municipality of the United States, such documents, instruments and other filings as each of them may deem necessary or appropriate in connection with the organization of the Corporation or the initial operation of its business.

17. GENERAL.

RESOLVED, that each of the officers of the Corporation (subject to any restrictions set forth in the foregoing resolutions) are, and each of them hereby is, authorized for and on behalf of the Corporation, to execute, deliver, file, acknowledge and record any and all such documents and instruments and to take or cause to be done any and all such other things as they, or any of them, may deem necessary or desirable to effectuate and carry out the resolutions adopted hereby.

This Action by Written Consent may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts shall together constitute one and the same instrument. This Action by Written Consent shall be filed with the Minute Book.

Sample Charter

Life Cycle of a Private Foundation - Sample Organizing Documents - Charter (IRS)

NOTE: In most states, a foundation's organizing documents must contain additional provisions.

DRAFT A

Articles of Incorporation of _____

The undersigned, a majority of whom are citizens of the United States, desiring to form a Non-Profit Corporation under the Non-Profit Corporation Law of _____, do hereby certify:

First: The name of the Corporation shall be _____

Second: The place in this state where the principal office of the Corporation is to be located is the City of _____, _____ County.

Third: Said corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Fourth: The names and addresses of the persons who are the initial trustees of the corporation are as follows:

Name _____

Address _____

Fifth: No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in

Article Third hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

If reference to federal law in articles of incorporation imposes a limitation that is invalid in your state, you may wish to substitute the following for the last sentence of the preceding paragraph: "Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation."

Sixth: Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

In witness whereof, we have hereunto subscribed our names this day of _____
, 20____.

Sample Declaration of Trust

Private Foundation – Sample Organizing Documents – Draft B – Declaration of Trust

DRAFT B

The _____ Charitable Trust. Declaration of Trust made as of the _____ day of _____, 20____, by _____, of _____, and _____, of _____, who hereby declare and agree that they have received this day from _____, as Donor, the sum of Ten Dollars (\$10) and that they will hold and manage the same, and any additions to it, in trust, as follows:

First: This trust shall be called "The _____ Charitable Trust."

Second: The trustees may receive and accept property, whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust, or corporation, to be held, administered, and disposed of in accordance with and pursuant to the provisions of this Declaration of Trust; but no gift, bequest or devise of any such property shall be received and accepted if it is conditioned or limited in such manner as to require the disposition of the income or its principal to any person or organization other than a "charitable organization" or for other than "charitable purposes" within the meaning of such terms as defined in Article Third of this Declaration of Trust, or as shall in the opinion of the trustees, jeopardize the federal income tax exemption of this trust pursuant to section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Third:

A. The principal and income of all property received and accepted by the trustees to be administered under this Declaration of Trust shall be held in trust by them, and the trustees may make payments or distributions from income or principal, or both, to or for the use of such charitable organizations, within the meaning of that term as defined in paragraph C, in such amounts and for such charitable purposes of the trust as the trustees shall from time to time select and determine; and the trustees may make payments or

distributions from income or principal, or both, directly for such charitable purposes, within the meaning of that term as defined in paragraph D, in such amounts as the trustees shall from time to time select and determine without making use of any other charitable organization. The trustees may also make payments or distributions of all or any part of the income or principal to states, territories, or possessions of the United States, to any political subdivision of any of the foregoing, or to the United States or the District of Columbia but only for charitable purposes within the meaning of that term as defined in paragraph D. Income or principal derived from contributions by corporations shall be distributed by the trustees for use solely within the United States or its possessions. No part of the net earnings of this trust shall inure or be payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of this trust shall be the carrying on of propaganda, or otherwise attempting, to influence legislation. No part of the activities of this trust shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

- B. The trust shall continue forever unless the trustees terminate it and distribute all of the principal and income, which action may be taken by the trustees in their discretion at any time. On such termination, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. The donor authorizes and empowers the trustees to form and organize a nonprofit corporation limited to the uses and purposes provided for in this Declaration of Trust, such corporation to be organized under the laws of any state or under the laws of the United States as may be determined by the trustees; such corporation when organized to have power to administer and control the affairs and property and to carry out the uses, objects, and purposes of this trust. Upon the creation and organization of such corporation, the trustees are authorized and empowered to convey, transfer, and deliver to such corporation all the property and assets to which this trust may be or become entitled. The charter, bylaws, and other provisions for the organization and management of such corporation and its affairs and property shall be such as the trustees shall determine, consistent with the provisions of this paragraph.

C. In this Declaration of Trust and in any amendments to it, references to "charitable organizations" or "charitable organization" mean corporations, trusts, funds, foundations, or community chests created or organized in the United States or in any of its possessions, whether under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States, organized and operated exclusively for charitable purposes, no part of the net earnings of which inures or is payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which do not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office. It is intended that the organization described in this paragraph C shall be entitled to exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

D. In this Declaration of Trust and in any amendments to it, the term "charitable purposes" shall be limited to and shall include only religious, charitable, scientific, literary, or educational purposes within the meaning of those terms as used in section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, but only such purposes as also constitute public charitable purposes under the law of trusts of the State of _____.

Fourth: This Declaration of Trust may be amended at any time or times by written instrument or instruments signed and sealed by the trustees, and acknowledged by any of the trustees, provided that no amendment shall authorize the trustees to conduct the affairs of this trust in any manner or for any purpose contrary to the provisions of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. An amendment of the provisions of this Article Fourth (or any amendment to it) shall be valid only if and to the extent that such amendment further restricts the trustees' amending power. All instruments amending this Declaration of Trust shall be noted upon or kept attached to the executed original of this Declaration of Trust held by the trustees.

Fifth: Any trustee under this Declaration of Trust may, by written instrument, signed and

acknowledged, resign his or her office. The number of trustees shall be at all times not less than two, and whenever for any reason the number is reduced to one, there shall be, and at any other time there may be, appointed one or more additional trustees. Appointments shall be made by the trustee or trustees for the time in office by written instruments signed and acknowledged. Any succeeding or additional trustee shall, upon his or her acceptance of the office by written instrument signed and acknowledged, have the same powers, rights and duties, and the same title to the trust estate jointly with the surviving or remaining trustee or trustees as if originally appointed. None of the trustees shall be required to furnish any bond or surety. None of them shall be responsible or liable for the acts or omissions of any other of the trustees or of any predecessor or of a custodian, agent, depositary or counsel selected with reasonable care. The one or more trustees, whether original or successor, for the time being in office, shall have full authority to act even though one or more vacancies may exist. A trustee may, by appropriate written instrument, delegate all or any part of his or her powers to another or others of the trustees for such periods and subject to such conditions as such delegating trustee may determine. The trustees serving under this Declaration of Trust are authorized to pay to themselves amounts for reasonable expenses incurred and reasonable compensation for services rendered in the administration of this trust, but in no event shall any trustee who has made a contribution to this trust ever receive any compensation thereafter.

Sixth: In extension and not in limitation of the common law and statutory powers of trustees and other powers granted in this Declaration of Trust, the trustees shall have the following discretionary powers.

- a) To invest and reinvest the principal and income of the trust in such property, real, personal, or mixed, and in such manner as they shall deem proper, and from time to time to change investments as they shall deem advisable; to invest in or retain any stocks, shares, bonds, notes, obligations, or personal or real property (including without limitation any interests in or obligations of any corporation, association, business trust, investment trust, common trust fund, or investment company) although some or all of the property so acquired or retained is of a kind or size which but for this express authority would not be considered proper and although all of the trust funds are invested in the securities of one

company. No principal or income, however, shall be loaned, directly or indirectly, to any trustee or to anyone else, corporate or otherwise, who has at any time made a contribution to this trust or to anyone except on the basis of an adequate interest charge and with adequate security.

- b) To sell, lease, or exchange any personal, mixed, or real property, at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to the trust property, as they consider advisable, whether or not such leases or contracts may extend beyond the duration of the trust.
- c) To borrow money for such periods, at such rates of interest, and upon such terms as the trustees consider advisable, and as security for such loans to mortgage or pledge any real or personal property with or without power of sale; to acquire or hold any real or personal property, subject to any mortgage or pledge on or of property acquired or held by this trust.
- d) To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, promissory notes, releases, and other instruments, sealed or unsealed, incident to any transaction in which they engage.
- e) To vote, to give proxies, to participate in the reorganization, merger or consolidation of any concern, or in the sale, lease, disposition, or distribution of its assets; to join with other security holders in acting through a committee, depositary, voting trustees, or otherwise, and in this connection to delegate authority to such committee, depositary, or trustees and to deposit securities with them or transfer securities to them; to pay assessments levied on securities or to exercise subscription rights in respect of securities.
- f) To employ a bank or trust company as custodian of any funds or securities and to delegate to it such powers as they deem appropriate; to hold trust property without indication of fiduciary capacity but only in the name of a registered nominee, provided the trust property is at all times identified as such on the books of the trust; to keep any or all of the trust property or funds in any place or places in the United States of America; to employ clerks,

accountants, investment counsel, investment agents, and any special services, and to pay the reasonable compensation and expenses of all such services in addition to the compensation of the trustees.

Seventh: The trustees' powers are exercisable solely in the fiduciary capacity consistent with and in furtherance of the charitable purposes of this trust as specified in Article Third and not otherwise.

Eighth: In this Declaration of Trust and in any amendment to it, references to "trustees" mean the one or more trustees, whether original or successor, for the time being in office.

Ninth: Any person may rely on a copy, certified by a notary public, of the executed original of this Declaration of Trust held by the trustees, and of any of the notations on it and writings attached to it, as fully as he or she might rely on the original documents themselves. Any such person may rely fully on any statements of fact certified by anyone who appears from such original documents or from such certified copy to be a trustee under this Declaration of Trust. No one dealing with the trustees need inquire concerning the validity of anything the trustees purport to do. No one dealing with the trustees need see to the application of anything paid or transferred to or upon the order of the trustees of the trust.

Tenth: This Declaration of Trust is to be governed in all respects by the laws of the State of _____ .

Trustee: _____

Trustee: _____

Foundation Bylaws for Private Companies

BYLAWS of [YOUR COMPANY] FOUNDATION

ARTICLE I

PRINCIPAL OFFICE

The principal office of this corporation shall be located in the county of [YOUR COUNTY OR STATE].

ARTICLE II

MEMBERSHIP

Section 1. Classification of Members. This corporation shall have one class of membership, with [Your Company] Inc. as the sole member (together with its successors and assigns, “Member”) in this membership class. The rights and obligations of Member shall be as provided in these Bylaws or under applicable law. The Board of Directors may, by resolution, establish one or more categories of nonvoting associates who may be referred to as “members,” and may provide for their rights and obligations (including the obligation to pay dues); however, the terms “member” and “membership,” as used in these Bylaws, shall refer only to Member.

Section 2. Nonliability of Member. Member shall not be liable for the debts, liabilities, or obligations of this corporation.

Section 3. Transferability of Membership. Membership in this corporation, or any right arising therefrom, may not be transferred or assigned. Any attempted transfer shall be void.

Section 4. Designated Representative. Member shall exercise all the rights and obligations of membership in this corporation, including the right to vote, through a designated representative. Member shall designate its representative in writing executed by an authorized officer and delivered to the Secretary of this corporation, which shall be retained by this corporation. Member may change its designated representative at any time and from time to time in the

same manner.

Section 5. Termination of Membership. Membership in this corporation shall continue until Member dissolves or until Member resigns in a writing delivered to the Secretary or President of this corporation.

ARTICLE III MEMBERSHIP RIGHTS

Section 1. Voting Rights. Subject to these Bylaws and this corporation's other policies and procedures, Member shall have the right to vote, as set forth in these Bylaws, on:

- (a) the election of directors;
- (b) the removal of directors
- (c) any amendment to these Bylaws that materially and adversely affects member voting rights, and all amendments to the Articles of Incorporation of this corporation, except for amendments permitted to be adopted by the Board of Directors
- (d) the disposition of all or substantially all of the assets of this corporation;
- (e) any merger of this corporation;
- (f) any dissolution of this corporation;
- (g) any charitable disbursement by this corporation equal to or in excess of an amount to be determined from time to time by Member; and
- (h) any other matters that may properly be presented to membership vote, pursuant to this corporation's Articles, Bylaws, or action of the Board of Directors, or by operation of law.

Section 2. Inspection Rights.

- A. Articles and Bylaws. This corporation shall keep at its principal office in UTOPIA current copies of its Articles of Incorporation and Bylaws, which shall be open to inspection by Member at all reasonable times.
- B. Accounting Records; Minutes. On written request, Member (in person or through an agent or attorney) may inspect and copy the accounting books and records of this corporation and the minutes of the proceedings of the Board, or any Board Committee, at any reasonable time and for a purpose reasonably related to Member's membership interests.

Section 3. Other Rights. In addition to the rights described in these Bylaws, Member shall have any other rights afforded voting members under the UTOPIA Nonprofit Public Benefit Corporation Law.

ARTICLE IV

MEMBERSHIP MEETINGS AND VOTING

Section 1. Member Voting. Member shall have one vote on each matter entitled to membership vote.

Section 2. Annual Membership Meetings. An annual membership meeting will be held at a date, place, and time determined by the Board of Directors, for the purpose of electing directors and transacting such business as may come before the meeting.

Section 3. Special Membership Meetings. Special membership meetings may be called by the Board of Directors, the Chair, or by Member.

Section 4. Voting at Meetings. Voting at meetings may be by voice or by ballot.

Section 5. Action by Unanimous Written Consent. Any action required or permitted to be taken at a meeting, may be taken without a meeting if Member consents to such action in writing. Any such written consent shall include any communication transmitted or received by electronic means, including electronic mail transmitted by Member to, and received by, this corporation's electronic mail address. If action is taken by written consent, the consent(s) shall be filed with the corporate minutes.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Corporate Powers; Exercise by Board. This corporation shall have powers to the full extent allowed bylaw. All powers and activities of this corporation shall be exercised and managed by the Board of Directors of this corporation directly or, if delegated, under the ultimate direction of the Board.

Section 2. Number and Qualification of Directors. The number of directors shall be not less than two or more than seven, with the exact authorized number of directors to be fixed from time to time by resolution of the Board of Directors. Any amendment of the preceding sentence shall require the approval of Member.

Section 3. Limitations on Interested Persons. At all times, not more than forty-nine percent of the directors of this corporation may be interested persons. An interested person means either:

- (a) any person currently being compensated by this corporation for services rendered to it within the previous twelve months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director in their capacity as director; or
- (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

Section 4. Election and Term of Office of Directors. All of the directors shall be elected at each annual membership meeting, or, if such directors are not elected at the meeting, they may be elected at any special membership meeting. Each director shall be elected for a term of three years. Each director shall hold office until expiration of the term and until a successor has been elected.

Section 5. Vacancies. A vacancy shall be deemed to exist on the Board in the event that the actual number of directors is less than the authorized number for any reason. Vacancies may be filled by the remaining directors (unless the vacancy was created by removal of a director by Member) or by Member, for the unexpired portion of the term.

Section 6. Resignation and Removal of Directors. Resignations shall be effective upon receipt in writing by the Chair, the President, or the Secretary of this corporation, unless a later effective date is specified in the resignation. Member may remove any director at any time, with or without cause.

Section 7. Annual Board Meetings. A meeting of the Board of Directors shall be held at least once a year. Annual board meetings shall be called by the Chair, the President, or any two directors, and noticed in accordance with Section 9 of this Article.

Section 8. Special Board Meetings. Special board meetings of the Board of Directors may be called by the Chair, the President, or any two directors, and noticed in accordance with Section 10 of this Article.

Section 9. Notice. Notice of the annual board meeting and any special board meetings of the Board of Directors shall be given to each director at least four days before any such meeting if given by first-class mail or forty-eight hours before any such meeting if given personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means, and shall state the date, place, and time of the meeting.

Section 10. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement.

Section 11. Quorum. A majority of the total number of directors then in office shall constitute

a quorum, provided that in no event shall the required quorum be less than one- fifth of the authorized number of directors or two directors, whichever is larger. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in Article V, Sections 5 (filling board vacancies) and 12 (taking action without a meeting); Article VI, Section 1 (appointing Board Committees); Article VIII, Section 3 (approving self-dealing transactions); Article IX, Section 2 (approving indemnification); and Article XI, Section 4 (amending Bylaws), of these Bylaws or in the UTOPIA Nonprofit Public Benefit Corporation Law. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 12. Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board (other than any director interested in a transaction so approved) shall individually or collectively consent to such action in writing. Any such written consent shall include any communication transmitted or received by electronic means, including electronic mail transmitted by a director to, and received by, this corporation's electronic mail address. Such written consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as the unanimous vote of such directors.

Section 13. Telephone and Electronic Meetings. Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or other communications equipment so long as all of the following apply:

- (a) each director participating in the meeting can communicate with all of the other directors concurrently;
- (b) each director is provided with the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation; and
- (c) this corporation verifies that (i) a person communicating by telephone, electronic video screen, or other communications equipment is entitled to participate in the Board meeting as a director, or by invitation of the Board or otherwise, and (ii) all motions, votes, or other

actions required to be made by a director are actually made by a director and not by someone who is not entitled to participate as a director.

Section 14. Standard of Care.

A. General. A director shall perform the duties of a director, including duties as a member of any Board Committee on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (i) one or more officers or employees of this corporation whom the director believes to be reliable and competent as to the matters presented;
- (ii) counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (iii) a Board Committee upon which the director does not serve, as to matters within its designated authority, provided that the director believes such Committee merits confidence;

so long as in any such case, the director acts in good faith after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in Article VIII below, a person who performs the duties of a director in accordance with this Section shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which this corporation, or assets held by it, are dedicated.

B. Investments. Except with respect to assets held for use or used directly in carrying out this corporation's charitable activities, in investing, reinvesting, purchasing or acquiring,

exchanging, selling, and managing this corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of this corporation's capital. No investment violates this section where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to this corporation.

Section 15. Director Inspection Rights. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of this corporation.

Section 16. Compensation of Directors. The Board of Directors may authorize, by resolution, the payment to a director of reasonable compensation for services as a director. The Board may authorize the advance or reimbursement to a director of actual reasonable expenses incurred in carrying out their duties as a director, such as for attending meetings of the Board and Board Committees.

Section 17. Executive Compensation Review. The Board of Directors (or a Board Committee) shall review any compensation packages (including all benefits) of the President or the chief executive officer and the Treasurer or chief financial officer, regardless of job title, and shall approve such compensation only after determining that the compensation is just and reasonable. This review and approval shall occur when such officer is hired, when the term of employment of such officer is renewed or extended, and when the compensation of such officer is modified, unless the modification applies to substantially all of the employees of this corporation.

ARTICLE VI

COMMITTEES

Section 1. Board Committees. The Board of Directors may, by resolution adopted by a majority of the directors then in office, create any number of Board Committees, each consisting of two or more directors, and only of directors, to serve at the pleasure of the Board. Appointments to any Board Committee shall be by a majority vote of the directors then in office.

Board Committees may be given all the authority of the Board, except for the powers to:

- (a) set the number of directors within a range specified in these Bylaws;
- (b) fill vacancies on the Board of Directors or on any Board Committee;
- (c) fix compensation of directors for serving on the Board or any Board Committee;
- (d) amend or repeal these Bylaws or adopt new Bylaws;
- (e) approve amendments to the Articles of Incorporation of this corporation;
- (f) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (g) create any other Board Committees or appoint the members of any Board Committees;
- (h) spend corporate funds to support a nominee for director after there are more nominees than can be elected; or
- (i) approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of this corporation.

Section 2. Advisory Committees. The Board of Directors may establish one or more Advisory Committees to the Board. The members of any Advisory Committee may consist of directors or non-directors and may be appointed as the Board determines. Advisory committees may not exercise the authority of the Board to make decisions on behalf of this corporation and shall be restricted to making recommendations to the Board or Board Committees, and implementing Board or Board Committee decisions and policies under the supervision and control of the Board or Board Committee.

Section 3. Audit Committee. For any tax year in which this corporation has gross revenues of \$2 million or more, this corporation shall have an Audit Committee whose members shall be

appointed by the Board of Directors, and who may include both directors and non-directors, subject to the following limitations: (a) a majority of the members of the Audit Committee may not consist of members of the Finance Committee, if any; (b) the chair of the Audit Committee may not be a member of the Finance Committee, if any; (c) the Audit Committee may not include any member of the staff or the President or Treasurer; (d) the Audit Committee may not include any person who has a material financial interest in any entity doing business with this corporation; and (e) Audit Committee members who are not directors may not receive compensation greater than the compensation paid to directors for their Board service.

If the Audit Committee is composed and appointed as required by Section 1 above (concerning Board Committees), it shall be deemed a Board Committee on which the other directors are entitled to rely as provided in Article V, Section 14 of these Bylaws; otherwise, the Board of Directors shall remain responsible for oversight and supervision of the Audit Committee as an Advisory Committee.

The Audit Committee shall (1) recommend to the Board of Directors the retention and, when appropriate, the termination of an independent certified public accountant to serve as auditor, (2) negotiate the compensation of the auditor on behalf of the Board, (3) confer with the auditor to satisfy the Audit Committee members that the financial affairs of this corporation are in order, (4) review and determine whether to accept the audit, and (5) approve the performance of any non-audit services provided to this corporation by the auditor's firm.

Section 4. Meetings.

- A. Of Board Committees. Meetings and actions of Board Committees shall be governed by and held and taken in accordance with the provisions of Article V of these Bylaws concerning meetings and actions of the Board of Directors, with such changes in the content of those Bylaws as are necessary to substitute the Board Committee and its members for the Board of Directors and its members. Minutes shall be kept of each meeting of any Board Committee and shall be filed with the corporate records.
- B. Of Advisory Committees. Subject to the authority of the Board of Directors, Advisory Committees may determine their own meeting rules and whether minutes shall be kept. The Board of Directors may adopt rules for the governance of any Board or Advisory Committee so long as they are consistent with the provisions of these Bylaws.

ARTICLE VII

OFFICERS

Section 1. Officers. The officers of this corporation shall be a Chair, an Executive Director, who may also be referred to as the President, a Secretary, and a Treasurer. The corporation may also have, at the discretion of the directors, such other officers as may be appointed by the Board of Directors. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President or Chair.

Section 2. Election. The officers of this corporation shall be elected by the Board of Directors, from time to time, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. Removal. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors or by an officer on whom such power of removal may be conferred by the Board of Directors.

Section 4. Resignation. Any officer may resign at any time by giving written notice to this corporation. Any resignation shall take effect on receipt of that notice by such officer or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this corporation under any contract to which the officer is a party.

Section 5. Vacancies. A vacancy in any office for any reason shall be filled in the same manner as these Bylaws provide for election to that office.

Section 6. Chair. The Chair shall preside at all membership meetings and Board of Directors meetings and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7. Executive Director. The Executive Director, who may also be referred to as the President, shall be the chief executive officer of this corporation and shall, subject to control of the Board, generally supervise, direct and control the business and other officers of this corporation. The Executive Director shall be a member of all Board Committees, shall have the general powers and duties of management usually vested in the office of president of the corporation and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 8. Secretary. The Secretary shall supervise the keeping of a full and complete record of the proceedings of the membership and the Board of Directors and its committees, if any, shall supervise the giving of such notices as may be proper or necessary, shall supervise the keeping of the minute books and membership records of this corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 9. Treasurer. The Treasurer shall be the chief financial officer of this corporation; shall supervise the charge and custody of all funds of this corporation, the deposit of such funds in the manner prescribed by the Board of Directors, and the keeping and maintaining of adequate and correct accounts of this corporation's properties and business transactions, shall render reports and accountings as required, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

ARTICLE VIII

CERTAIN TRANSACTIONS

Section 1. Loans. Except as permitted by the UTOPIA Nonprofit Public Benefit Corporation Law, this corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer; provided, however, that this corporation may advance money to a director or officer of this corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such director or officer so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Section 2. Self-Dealing Transactions. Except as provided in Section 3 of this Article, the

Board of Directors shall not approve, or permit the corporation to engage in, any self-dealing transaction. A self-dealing transaction is a transaction to which this corporation is a party and in which one or more of its directors has a material financial interest, unless the transaction comes within the UTOPIA Nonprofit Public Benefit Corporation Law.

Section 3. Approval. This corporation may engage in a self-dealing transaction if the transaction is approved by a court or by the Attorney General. This corporation may also engage in a self-dealing transaction if the Board determines, before the transaction, that (a) this corporation is entering into the transaction for its own benefit; (b) the transaction is fair and reasonable to this corporation at the time; and (c) after reasonable investigation, the Board determines that it could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board in good faith, with knowledge of the material facts concerning the transaction and the director's interest in the transaction, and by a vote of a majority of the directors then in office, without counting the vote of the interested director or directors.

Where it is not reasonably practicable to obtain approval of the Board before entering into a self-dealing transaction, a Board Committee may approve such transaction in a manner consistent with the foregoing requirements, provided that, at its next meeting, the full Board (i) determines in good faith that the Board Committee's approval of the transaction was consistent with such requirements and that it was not reasonably practical to obtain advance approval by the full Board, (ii) and ratifies the transaction by a majority of the directors then in office without the vote of any interested director.

Section 4. Compliance with Private Foundation Rules. Any provision of these Bylaws or the Articles of Incorporation of this corporation to the contrary notwithstanding, so long as this corporation is deemed to be a "private foundation" as defined in Section 509 of the Internal Revenue Code of 1986, as amended (the "Code"), this corporation:

- (a) shall distribute its income for each taxable year (and principal, if necessary) at such time and in such manner as not to subject this corporation to tax under Section 4942 of the Code;
- (b) shall not approve of, or engage in, any act of self-dealing as defined in subsection (d) of Section 4941 of the Code;

- (c) shall not retain any excess business holdings as defined in subsection (c) of Section 4943 of the Code;
- (d) shall not make any investments in such a manner as to subject this corporation to tax under Section 4944 of the Code; and
- (e) shall not make any taxable expenditure as defined in subsection (d) of Section 4945 of the Code.

ARTICLE IX

INDEMNIFICATION AND INSURANCE

Section 1. Right of Indemnity. To the fullest extent allowed by the UTOPIA Nonprofit Public Benefit Corporation Law, this corporation shall indemnify its agents, in connection with any proceeding. For purposes of this Article, “agent” shall have the same meaning, including directors, officers, employees, other agents, and persons formerly occupying such positions; “proceeding” shall have the same meaning, including any threatened action or investigation or brought by the Attorney General; and “expenses” shall have the same meaning as in, including reasonable attorneys’ fees.

Section 2. Approval of Indemnity. On written request to the Board of Directors in each specific case by any agent seeking indemnification, to the extent that the agent has been successful on the merits, the Board shall promptly authorize indemnification in accordance. Otherwise, the Board shall promptly determine, by a majority vote of a quorum consisting of directors who are not parties to the proceeding, whether, in the specific case, the agent has met the applicable standard of conduct stated, and, if so, the Board shall authorize indemnification to the extent permitted thereby. If the Board cannot do so because there is no quorum of directors who are not party to the proceeding for which indemnification is sought, the Board shall promptly call a membership meeting. At that meeting, Member shall determine whether, in the specific case, the applicable standard of conduct stated in such Section has been met, and, if so, Member shall authorize indemnification to the extent permitted thereby.

Section 3. Advancing Expenses. The Board of Directors may authorize the advance of expenses incurred by or on behalf of an agent of this corporation in defending any proceeding prior to final disposition, if the Board finds that:

- (a) the requested advances are reasonable in amount under the circumstances; and
- (b) before any advance is made, the agent will submit a written undertaking satisfactory to the Board to repay the advance unless it is ultimately determined that the agent is entitled to indemnification for the expenses under this Article.

The Board shall determine whether undertaking must be secured, and whether interest shall accrue on the obligation created thereby.

Section 4. Insurance. The Board of Directors may adopt a resolution authorizing the purchase of insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, and such insurance may provide for coverage against liabilities beyond this corporation's power to indemnify the agent under law.

ARTICLE X

GRANTS ADMINISTRATION

Section 1. Purpose of Grants. This corporation shall have the power to make grants and contributions and to render other financial assistance for the purposes expressed in this corporation's Articles of Incorporation.

Section 2. Board of Directors Oversight. Subject to Section 1 of Article V of these Bylaws, the Board of Directors shall exercise itself, or delegate, subject to its supervision, control over grants, contributions, and other financial assistance provided by this corporation. The Board shall approve a process for reviewing and approving or declining all requests for funds made to this corporation, which shall require such requests to specify the use to which the funds will be put, and include a mechanism for regular Board review of all grants made. The Board shall similarly approve a process for authorizing payment of duly approved grants to the approved grantee.

Section 3. Refusal; Withdrawal. The Board of Directors, in its absolute discretion, shall have the right to refuse to make any grants or contributions, or to render other financial assistance, for any or all of the purposes for which the funds are requested. In addition, the Board,

in its absolute discretion, shall have the right to withdraw its approval of any grant at any time and use the funds for other purposes within the scope of the purposes expressed in this corporation's Articles of Incorporation, subject to any rights of third parties under any contract relating to such grant.

Section 4. Accounting. The Board of Directors shall determine under what circumstances to require that grantees furnish a periodic accounting to show that the funds granted by this corporation were expended for the purposes that were approved by the Board.

Section 5. Restrictions on Contributions. Unless otherwise determined by resolution of the Board of Directors in particular cases, this corporation shall retain complete control and discretion over the use of all contributions it receives, and all contributions received by the corporation from solicitations for specific grants shall be regarded as for the use of this corporation and not for any particular organization or individual mentioned in the solicitation. This corporation may accept contributions earmarked by the donor exclusively for allocation to one or more foreign organizations or individuals only if the Board of Directors of this corporation has approved in advance the charitable activity for which the donation was made.

ARTICLE XI MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of this corporation shall end each year on December 31.

Section 2. Contracts, Notes, and Checks. All contracts entered into on behalf of this corporation must be authorized by, and (except as otherwise provided bylaw) every check, draft, promissory note, money order, or other evidence of indebtedness of this corporation shall be signed by, the Board of Directors or the person or persons on whom such power may be conferred by the Board from time to time.

Section 3. Annual Reports to Member and Directors.

A. Financial Report. Unless this corporation receives less than \$25,000 in gross revenues or

receipts during the fiscal year, within 120 days after the end of this corporation's fiscal year, the Board shall furnish a written report to all of the directors and Member containing the following information:

- (i) the assets and liabilities, including the trust funds of this corporation, as of the end of the fiscal year;
- (ii) the principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (iii) the revenue or receipts of this corporation, both unrestricted and restricted for particular purposes, for the fiscal year;
- (iv) the expenses or disbursements of this corporation, for both general and restricted purposes, for the fiscal year; and
- (v) any information required by subsection B below.

The foregoing report shall be accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of this corporation that such statements were prepared without an audit from the books and records of this corporation.

B. Report of Certain Transactions. Unless this corporation furnishes the report required by subsection A above, within 120 days after the end of this corporation's fiscal year, the Board shall furnish a written report to Member and directors of this corporation containing the following:

- (i) a description of any transaction during the previous fiscal year involving \$50,000 or more between this corporation (or its parent or subsidiary, if any) and any of its directors or officers (or those of its parent or subsidiary, if any) or any holder of more than ten percent of the voting power of this corporation (or its parent or subsidiary, if any), including the names of the interested persons, their relationship to this corporation, the nature of their interest in the transaction and, where practicable, the value of such interest; and
- (ii) the amount and circumstances of any indemnifications or advances aggregating more than \$10,000 that were paid during the fiscal year to any director or officer of this corporation, and that were not approved by Member.

If no transaction required to be reported has occurred during the fiscal year, no report is required for that fiscal year.

Section 4. Amendments. Amendments to these Bylaws may be adopted by Member only. If a proposed Bylaw amendment will be considered at a meeting, it shall be submitted in writing to Member at least one week before such meeting.

Section 5. Governing Law. In all matters not specified in these Bylaws, or in the event these Bylaws shall not comply with applicable law, the UTOPIA Nonprofit Public Benefit Corporation Law as then in effect shall apply.

Advisory Committee Member Job Description

Purpose: **The Advisory Council (or other name)** serves as a critical community champion of the ACME CO Foundation. Members of the Advisory Council share their gifts in service to our mission by providing our organization with their professional expertise; their diverse knowledge of constituent perspectives; their connections to local, national or international resources, colleagues or peers; their philanthropic support or other forms of needed assistance.

The Advisory Council has no governing function within the organization.

Reasons for creating an Advisory Council:

- Provides a way to keep critical supporters connected to the organization
- Creates a direct link to important professional and technical expertise
- Energizes Advisors as ambassadors for the organization in the community
- Recognizes individuals for their distinguished service
- Assists in efforts to increase philanthropic support
- Enlists help from others without enlarging the governing board

Structure:

- Appointed by the chair
- Up to three, three-year terms
- **A minimum of __6__ to a maximum of __ slots**

Could have an ex-officio position dedicated to a particular institution

Expectations:

- Attend events such as the quarterly meetings and special gatherings
- Act annually in some significant way to support the organization's mission (e.g. expert advice, door opening, funding or fundraising)
- Allow the organization to publicize their name and participation on the Council, list name on letterhead and other communications
- Keep informed about plans, activities and needs of the organization

The Foundation estimates the total time commitment for members of the Committee will be approximately 35- 40 hours during the one year term. The bulk of the time commitment will be upfront in that the application evaluation process will take up the approximately 15 hours (three five-hour sessions). Another 12 hours will be spent in the above mentioned quarterly meetings (these meetings should not exceed three hours). The remaining 8+ hours should be spent accompanying the representative of the Foundation on site visits, check presentation ceremonies, lessons learned luncheons, orientation dinner.

Corporate Foundation Governance Policy

The **[YOUR COMPANY] Foundation**: Governance

Policy and Responsibility

The **[Your Company] Foundation** is a legally separate 501(c)(3) entity. Its headquarters are colocated with the headquarters of **[Your Company]** in the United States. Within **[Your Company]**, management responsibility for the Foundation rests with **[name]**, Senior Vice President, Human Resources. Within the Foundation, the highest governing body is the Board of Trustees. Because **[Your Company]** considers the Foundation's work to be a vital contribution to the company's sustainability, the Foundation's Board of Trustees includes the following **[Your Company]** corporate officers:

- Chief Executive Officer **[name]**
- Chief Operating Officer **[name]**
- Chief Financial Officer **[name]**
- Chief Sales, Marketing and Strategy Officer **[name]**
- **[Your Company]** International President **[name]**
- Senior Vice President, Human Resources **[name]**
- Senior Vice President, Communications and Brand Management **[name]**
- Senior Vice President, Legal, Compliance, Audit and Public Affairs, General Counsel and Corporate Secretary **[name]**

The Board of Trustees meets five times a year, with a mandatory quorum. Minutes of these meetings are signed by Trustees and kept on file. Meetings and other proceedings of The **[Your Company]** Foundation are governed by its bylaws, which include a conflict of interest policy especially for Foundation employees and Trustees. Foundation bylaws are updated from time to time to reflect changing standards and practices in philanthropy and society. Beyond the bylaws, the Foundation and its trustees and employees are governed by the same documents, structures, and principles that govern **[Your Company]** itself, including the Code of Business Conduct.

The **[Your Company]** Corporate Accounting department provides the accounting, finance,

and tax expertise to maintain the financial stewardship and control of The **[Your Company] Foundation's** fiscal and transactional operations. The **[Your Company]** Corporate Legal Department provides legal counsel to The **[Your Company] Foundation** as required or needed in its normal course of operation. When necessary, The **[Your Company] Foundation** will retain external legal counsel for matters, which may arise from time to time.

Foundation Funding

One of the Board of Trustees' principal responsibilities is reviewing the funding level for The **[Your Company] Foundation**, and making funding proposals to the **[Your Company]** Board of Directors. The Board of Trustees also approves matching funds for employee pledges to our federated giving campaign. In recent years, the Board has authorized The **[Your Company] Foundation** to match 15 percent of employee United Way donations.

Grant Making

Within the Foundation, grant making authority is subject to strict limits and a defined approval process. For example, only the President of the Foundation can approve grants larger than US\$25,000, and grants larger than US\$50,000 require the approval of a Trustee. Before any grant can reach this level of approval, it must meet a number of other documented and established approval criteria as described below. Furthermore, we generally seek to place a **[Your Company]** senior manager or executive on the Board of Trustees or major steering committee of organizations receiving substantial grants from The **[Your Company] Foundation**. This ensures an additional level of oversight for our grantmaking activity.

The Foundation manages global and national grantmaking centrally at Foundation headquarters. Following its nonsolicitation policy, the Foundation independently identifies candidate organizations for charitable donations, engages with those organizations to confirm their interest and qualifications, conducts a legal review for all international grants, and then presents recommendations to the Board of Trustees for review and approval. In 2012, the Foundation formalized the practice of requiring nondiscrimination practices on the part of grant recipients.

Local grantmaking starts with committees of **[Your Company]** employees in local business units. The committees identify candidate organizations and then determine if they fulfill legal and technical requirements. In addition, local grant recipients must be able to show at least 50 hours of volunteer hours contributed by **[Your Company]** employees before the grant is awarded. The committees present their nominations to local and regional managers, who review them to confirm that candidate organizations meet requirements, fit Foundation strategy, and respond to local or regional needs. In some cases, the strategic requirement may be eased somewhat in order to address local needs that are important to **[Your Company]** employees in the community. Finally, the local grant proposal reaches The **[Your Company] Foundation**, which conducts a third review.

The Foundation makes or renews grants to more than 4,400 nonprofit organizations each year. Within the U.S., these are allocated geographically in rough proportion to census figures, which in turn correlate with concentrations of **[Your Company]** employees. The **[Your Company] Foundation** provides community investment grants to organizations based throughout the world. The allocation of these grants is based on a variety of factors including, but not limited to, community needs, alignment with The **[Your Company] Foundation** focus areas and funding strategies, the presence of **[Your Company]** employees, other business interests, and available resources.

Training and Awareness

The **[Your Company] Foundation** offers online training courses in community engagement for **[Your Company]** managers. The courses are designed to strengthen understanding of **[Your Company]**'s community engagement strategy and why it is vital to the success and sustainability of the company.

Monitoring and Follow Up

The Foundation's leadership maintains clear visibility of local grantmaking, which is thoroughly and systematically documented throughout any philanthropic relationship. Applications and other documentation remain on file at all levels, so that all parties in the grant

making process can monitor expectations and results. In particular, the Foundation reviews a recipient's results and activities before renewing a grant. This applies equally to global philanthropic partners. In renewing existing grants or continuing multiyear grants, the Foundation assesses the results achieved with the funding provided. Thus the **[Your Company] Foundation** can act effectively on the international stage while keeping in close touch with local activities around the world.

To further enhance monitoring and follow-up capabilities, The Foundation has brought increased attention and resources to generating quantitative metrics for community engagement efforts. This is a leading edge activity for corporate philanthropy generally, because many of the presumed benefits of community engagement and philanthropic support have not traditionally been measured using quantifiable data.

Sample Delegation of Authority Policy

Date of creation:

Revisions:

Policy No:

PURPOSE

The Delegation of Authority Policy is a policy that has been established by the Board of Directors of the (name) FHT/NPLC to:

- Set out matters specifically reserved for determination by the Board and those matters delegated to management;
- Set out matters reserved for specific roles in the organization;
- Establish expense approval limits by role.

The functions exercised by the Board and those delegated to management are subject to ongoing review to ensure that the division of functions remains appropriate.

MATTERS RESERVED FOR THE BOARD

Matters specifically reserved for the Board include:

- Decisions about organizational strategy and policies
- Matters involving financial amounts above a certain limit
- Approval of contracts and obligations above a specified limit
- Succession planning for Board positions and the position of Executive Director
- Approval of or changes to the annual budget
- All matters with the potential to have a material impact on the reputation of the organization

MATTERS DELEGATED TO MANAGEMENT

Other than as expressly provided in this policy, all matters not specifically reserved for the Board and necessary for the day-to-day management of the organization, and the implementation of corporate objectives, are delegated to management. Management may sub-delegate where appropriate. The organization's policies and procedures provide guidance on the execution of specific roles and responsibilities.

Management shall be responsible for:

- ensuring that the organization's day-to-day operations including patient care are carried out in accordance with all legal and regulatory requirements
- ensuring that the organization's policies, practices and decisions are undertaken in a manner that is prudent, equitable and consistent with commonly accepted business practices and professional ethics
- ensuring that the organization's assets are protected, adequately maintained and not placed at unnecessary risk
- ensuring that Board approved priorities are reflected in the allocation of resources
- ensuring that budgeting is based on generally accepted accounting principles and that budgets are balanced
- promoting a healthy work environment for staff that is consistent with the organization's values
- representing the organization externally to the community, government, media and other stakeholders in ways that enhance the public image and credibility of the organization.

REPORTING BY MANAGEMENT TO THE BOARD

As part of the framework established by this policy, management is required to report regularly to the Board concerning the authority exercised.

Reports by management shall cover such areas as quality performance, financial performance, risk management, human resource issues and other items related to organizational operations.

Management must report to the Board on a regular basis on serious occurrences, and patient or staff complaints.

EXPENDITURE APPROVAL POLICY

Board approval shall be required for

- all capital and/or operating expenditures in excess of \$5,000
- disposal of assets in excess of \$10,000
- staff hires or contracts outside of the approved budget
- opening of new bank accounts

The Executive Director shall approve

- all budgeted capital and/or operating expenditures up to \$5,000
- disposal of assets up to \$10,000
- staff hires or contracts within the approved budget
- all operating expenditures incurred in the ordinary course of business and within the approved operating budget

The FHT/NPLC shall have a banking policy that confirms approved signatories for all contracts, purchase orders, checks and expenditures.

COMMUNICATION ON BEHALF OF THE ORGANIZATION

Any verbal or written communication with media, regulatory bodies, or other entities that may have an impact on the organization are limited to:

- The Board Chair
- The Executive Director

TEMPORARY DELEGATION OF AUTHORITY

Any role may temporarily delegate their authority to another role in case of absence. The board must be informed of the delegation and the period for which it will be in force.

REVIEW

The Board will review the contents of, and compliance with, this policy regularly.

Board Officers: Responsibilities and Job Descriptions

Adapted from: The Handbook of Board Governance: A Comprehensive guide for Public, Private, and Non-for-profit Board Members, by Richard LeBlanc, editor with John Fraser. Pages 709–710

Board officers play an essential role in Foundation governance and management. Most corporate foundation boards are self-perpetuating by “merit of position”. It is somewhat unusual for corporate foundation boards to include independent directors, though it can be an opportunity for increased community engagement. In order to avoid risks associated with independent directors, you may consider creating two classes of directors. These are often referred to as Class A and Class B directors. Class A typically refers to corporate officers who serve on the Foundation by merit of their position within the company; for example, the chief financial officer may automatically become the treasurer of the Foundation, or the like. Class B directors may be nominated, typically by a nominating committee according to specified criteria and exclusions; for example, spouses of corporate officers or employees, contractors, grantees, etc. These Class B directors may be term-limited or might be limited in terms of the proportion of the board they make up, the types of committees they may chair, and different voting privileges.

Below you will find several responsibilities and characteristics of the most common board member positions. These are intended as a starting place for a Foundation board member job description, and should be customized to adhere to your particular context.

BOARD CHAIR

While it is not fair to expect a board chair to have all of these attributes, one having many of them will serve his or her board effectively. Attributes exhibited by competent board chairs include:

- Has significant mission-centered interest in the organization. Although the chair’s professional efforts may be far afield from the nonprofit’s objectives s/he must be able to perceive substantial value in the impacts of the staff and board efforts.
- Has sufficient time to meet with management, when requested, and understand the difference between being a consultative support and being a micromanager.
- Establishes a professional environment for the board and staff and is respectful of them

and properly celebrates their accomplishments.

- Has a leadership quality that resonates with the reality that many of the nonprofit's organizational outcomes can't be easily measured directly or quantitatively, yet calls for robust evaluations of all outcomes where quantitative data are available and for imperfect metrics to better assess qualitative outcomes.
- Establishes a civil discussion atmosphere for board meetings and knows how to diffuse minutiae discussions and keep such topics from board agendas.
- With the CEO, actively makes certain that all directors feel the nonprofit is making wise use of their time.
- Works well with the CEO. Is respectful of the CEO's management qualifications and abilities.
- Works to improve the diversity and inclusiveness of board membership to meet the needs of the organization.
- Wants his or her tenure as board chair to have long-range impact.

PRESIDENT

The role of the president is to be the public face of the organization. Some of their job responsibilities might include:

- influencing the path of the nonprofit
- public speaking
- leading board meetings
- listening to board members
- having hard conversations with board members
- listening to the executive director
- having hard conversations with the executive director
- hiring and firing the executive director
- making nice when needed
- signing checks
- finding a replacement
- using the soft power of board leadership

PRESIDENT-ELECT OR VICE PRESIDENT

This position is also referred to as the Vice President. Depending on the circumstances, it may be more implied that they will be next president than in other scenarios.

- Should be included in all executive committee meetings
- Should be in close contact with the president
- Stand in for the president when he or she is not available
- Serve on the governance or nominations committee
- Learn all they can to prepare to step into role of president

TREASURER

The treasurer should be knowledgeable about the finances of the institution and keep close oversight of the trends and challenges the foundation faces.

- Understand the monthly finances of the nonprofit at an elemental level and look for early warning signs
 - o What drives revenue?
 - o What drives expenses?
 - o Is a bad month merely a bad month? Or is there something bigger at work?
 - o Is there something about the profit and loss statement that looks odd?
- Accurately convey the information in the reports to the rest of the board
- At the board meeting, the treasurer should highlight key trends in the report, make comments about anything substantially different from expectations, and then give a short conclusion.
- Lead finance committee meetings
- Work with the executive director
- Research unusual financial questions
- Sounding the alarm as needed

SECRETARY

The secretary of the board is responsible for keeping an accurate record of the board's proceedings and decisions. This documentation is a critical piece of the board's governance and oversight function.

- Taking minutes – if there's no record of the meeting, then it may as well have not happened
 - o Date, time, location, list of the board members who are present

- o List of discussion topics, the specific wording of motions, and the tallies of votes on each motion, if it wasn't a unanimous vote
- o What's NOT in the minutes: A point by point recap of every discussion – a one sentence summary will suffice. Minutes should primarily contain the business enacted and a list of discussion topics
- Know the bylaws
- Confirm the legal status of the nonprofit
- Gather important documents – i.e. conflict of interest policy or a memorandum of understanding

COMMITTEE CHAIR

Each board might have different committees, including the nominating committee, executive committee, finance committee, etc. Each committee may include a committee chair, responsible for ensuring the committee completes their tasks and sticks to any timelines or deadlines necessary.

- Work with the members of the committee to set a regular meeting date and time
- To work with the executive director to get the information needed for the committee's work
- To write and distribute the agenda for the committee's meetings
- To lead meetings
- To represent the committee at the full board meeting

Advisory Committee Charge for a Corporate Foundation or Corporate Giving Committee

Introduction

The **ACME CO Foundation** (the “Foundation”) in partnership with **ACME CO Corp** seeks to create an Advisory Committee for the purpose of reviewing and recommending grant applications submitted from non-profit organizations headquartered in the **ACME CO Corp COMMUNITIES OF OPERATION**, relating to the Foundation’s **ACME CO Corp COMMUNITIES OF OPERATION** Social Programs (the “Program”). We believe that the people of the **ACME CO Corp COMMUNITIES OF OPERATION** who are most affected by its problems are best positioned to advise on how community investments can be made most effectively. The Committee will serve on a voluntary basis and will consist of seven members.

The Advisory Committee should be composed of individuals who represent a cross-section of the **ACME CO Corp COMMUNITIES OF OPERATION**. As such, the members of the Committee should be people that are well respected in the community and have a history of involvement in community causes in the **ACME CO Corp COMMUNITIES OF OPERATION**.

ADVISORY COMMITTEE STRUCTURE

The Advisory Committee should be composed of seven members. The chair of the committee shall be the **ACME CO Corp TITLE OF EMPLOYEE HERE** and shall serve ex officio by merit of his/her title. The remaining six members will serve as volunteers on an ad-hoc basis in that the members will serve for a term of up to three years upon program implementation as requested by the Chair.

In order to ensure objectivity and credibility of the Advisory Committee, the individual members should demonstrate

- Expertise in one or more of the focus areas
- Well-respected among peers and the community at large
- Experience working in a collaborative fashion
- Ability to communicate effectively

Additionally, members should be able to commit to the time requirements listed in the

“Advisory Committee Responsibilities” section.

In order to have a balanced yet diverse Advisory Committee, the Foundation asks for the following requirements:

1. Candidates should have significant subject matter experience in at least one of the following fields: education, health and nutrition, environmental advocacy and restoration, cooperative development, arts & culture, civic participation, community development, and human rights.
2. For a period of at least one year, candidates should not have been employed by or served as a director of, or related to anyone who is employed by or a director of any organization applying for funding. Any such positions or relations should be disclosed in writing to the Foundation.
3. Both when applying to be a member of the Committee and if selected to be a member of the Committee, any member of the Committee who has a financial, personal, or official interest in, or conflict (or appearance of a conflict) with any matter pending before the Committee, of such nature that it prevents or may prevent that member from acting on the matter in an impartial manner, will offer to the Committee to voluntarily recuse themselves and will vacate their seat and refrain from discussion and voting on said item.
4. Each Advisory Committee member will serve for a period of up to three years at the discretion of the Foundation and may be invited to serve for two successive terms. After two terms, the members must rotate off of the committee for a period of at least one year before being reappointed.
5. It is preferred, but not required, that a candidate to the Advisory Committee is a resident of the **ACME CO Corp COMMUNITIES OF OPERATION**.

The officers of the Committee should consist of a Chair, Vice Chair, and Secretary.

The position of Chair will be filled by the **EXECUTIVE TITLE OF Company XXXX** by merit of their position. The Chair will preside over all Committee meetings.

The position of Vice Chair will be filled by the **EXECUTIVE TITLE OF Company XXXX** by merit of their position. The Vice Chair will assume the Chair’s responsibilities in event of absence.

The position of Secretary will be filled by the **EXECUTIVE TITLE OF Company XXXX** by merit of their position. In addition to keeping the minutes of meetings, the Secretary will also be responsible for scheduling the meetings, making an agenda for the meetings and will also serve as the primary contact for the Foundation.

The Chair has the discretion to make any changes to the Committee and officer positions at any time including but not limited to changing members, changing officers and dissolution of members, officers and Committee.

Effort will be made by the Chair to balance the director terms so that there is minimal disruption to the institutional history of the group. As such, no more than one half of committee terms will be completed in any given year.

ADVISORY COMMITTEE RESPONSIBILITIES

The Committee will play an active, hands-on role. It will review applications, make recommendations and provide key information and materials to the Foundation.

The Advisory Committee will review all grant applications that meet the required guidelines. Although the Committee can make recommendations and provide information to the Foundation, the Foundation in its sole discretion will make all decisions regarding the program and grant applications.

The Foundation will receive all applications and ensure applications are complete and that the required accompanying paperwork is attached to each application.

The Committee should hold quarterly meetings to discuss progress reports.

The purpose of the quarterly meetings is to both review progress and also to inform the organizations of any changes or updates that may take place since the grant award. The second quarterly meeting (six months after initial grant) is especially important in that if the Committee considers the approved program has not achieved mid-year goals the remaining 50% of the grant may not be allocated towards the program.

The meetings should be held during the first week of the month immediately following the previous quarter. If feasible, the Committee should schedule a standing day for the quarterly meetings; example: the first Thursday of the month immediately following the previous quarter.

Members of the Committee are also invited to attend any grant/check presentation or other events.

Investment Guidelines

THE FOUNDATION, INC.

Statement of Investment and Spending Policies

DATE

I. Introduction

Assets managed by the Foundation provide funding for a broad array of activities in support of the charter of the Foundation. The Directors, mindful of their stewardship responsibilities, have adopted this Statement as a policy framework for managing the Foundation's investment portfolios, and establishing spending rates, in accordance with the needs of the Foundation. The Foundation currently manages two portfolios:

Fund 1 - This fund is the pool of funds that are the endowment funds. Endowment funds are to be held in perpetuity and to provide income from which the Foundation's spending policy can be derived.

Fund 2 - This fund represents a portion of operating cash balances that have been transferred to the Foundation. This portfolio is used as an intermediate term investment vehicle. These funds are not designated by the **ACME CORPORATION** as endowment and may be used to meet the operating needs of the Foundation.

II. Structure

Under the Foundation's Bylaws, the Foundation's Investment Committee (the "Committee") consists of the Treasurer of the **ACME CORPORATION** and at least three members of the Board of Directors, including the Treasurer of the Foundation, and such other members as the Board of Directors shall determine in its discretion. The Committee has responsibility for the management and investment of assets and property owned or held by the Foundation. The Committee is to discharge its responsibilities in accordance with this Statement.

III. Investment Objectives

Fund 1

- A. The endowment portfolio is to be invested for long-term growth through the use of strategies that will accommodate relevant, reasonable or probable events.
- B. The endowment portfolio's primary goal is to realize a total return (income plus capital change) that will preserve and enhance (in real and nominal terms) the principal of the Foundation's funds and at the same time provide a dependable source of income for current operations and programs of the Foundation.

Fund 2

As an intermediate term investment vehicle, the primary objective of the portfolio is the preservation of capital and the assurance of appropriate liquidity to meet the needs of the Foundation. The secondary goal of the intermediate term investment fund (Fund 2) is to maximize the current and expected yield on the portfolio assets, so as to provide additional income for operating purposes. The portfolio assets are expected to be invested in a diversified manner that provides an opportunity for competitive returns within acceptable levels of risk and volatility.

IV. Diversification of Investments

In recognition of the prudence required of fiduciaries, the Foundation will diversify its investments reasonably. Experience has shown that financial markets and inflation rates are cyclical, and therefore, control of volatility will be achieved through diversification of asset classes and selection of managers of diverse styles.

V. Asset Allocation

Determining asset classes and the weighting of assets is the responsibility of the Committee. The Committee will consider the impact of asset class weightings on the return and volatility of the portfolio. Each asset selection will be carefully considered by the Committee in accordance with a systematic allocation process. Schedules setting forth current asset classes, targets and ranges for Fund 1 and Fund 2 are attached to this Statement as Schedules I and II. Modifications to these Schedules may be adopted by the Committee from time to time and shall be retained with the minutes of meetings of the Committee.

Statement of Spending Policy and Guidelines

Fund 1

The spending policy for the Foundation endowment balances the conflicting goals of providing substantial support for current operations and preserving the purchasing power of endowment assets. The policy is designed to release substantial current income to the operating budget in a stable stream, since large fluctuations in revenues are difficult to accommodate through changes in Foundation activities or programs, while protecting the value of Endowment assets against inflation, thereby allowing programs to be supported at today's level far into the future.

The Foundation spending rule achieves these two objectives by using a long-term spending range of a percentage of the preceding 12 quarter average combined with a smoothing rule that adjusts spending gradually to changes in Endowment market value.

The amount of endowment return made available for expenditure during a fiscal year which commences on July 1 is to be computed at the rate of 4 % to 6% of the Endowment Fund's average market value for the preceding twelve quarters on a one year lag and a three-year share average. The Foundation utilizes the pooled investment concept for its endowment funds whereby all invested funds are included in one investment pool. Distribution to each fund participating in the pool is based on its average pro rata unit ownership in the pool during the preceding fiscal years.

Fund 2

The spending policy for the Foundation intermediate term operating cash that is managed by the Foundation seeks to balance the goal of preserving principal with the objective of providing a greater total return than the Foundation can secure through its primary short-term cash investment program. At a minimum, Fund 2 should be invested with the expectation that most or all of the annual total return (i.e., income plus any capital appreciation) will be returned to the Foundation for support of its operating budget needs. However, the variation in the Foundation's annual budget requirements may from time-to-time necessitate withdrawals from Fund 2 in excess of the Fund's annual total return.

VII. Investment Management

Investment managers will be appointed by the Committee following a systematic search for

those with demonstrated quality in the asset classes and investment styles desired and competitive management fees and transaction costs. Managers are given discretion to manage funds entrusted in accordance with the style for which they are employed provided they comply with restrictions and limitations determined by the Committee from time to time.

VIII. Evaluation and Retention of Managers

- A. The performance of each manager will be measured against the investment performance of other managers in the same asset class and with similar investment styles. Individual managers are expected to use their best efforts to outperform consistently their respective benchmarks and peer groups on a total return basis, net of fees and transaction costs, over 3-5 year time periods.
- B. Investment Style: Managers are expected to maintain portfolios characterized by their respective traditional management styles. A change in style may reduce or eliminate the effect of diversification and therefore may result in a change of manager by the Committee.
- C. Change in Objectives or Asset Allocation: A change in objectives or asset allocation strategy may require that funds be transferred between asset classes, to new asset classes or among styles within asset classes. These changes may result in increases, decreases or elimination of funds under management by a specific manager.
- D. Change in Principals: The historical investment performance of an investment management firm may be attributable to a specific person or persons at the firm. A change in key individuals will be taken into consideration in the evaluation of an investment management firm and any decision affecting the continuation of the firm.

IX. Investment Consultant

The Committee may retain the services of an independent investment consultant for the purpose of assisting the Committee in developing and attaining the objectives of the Foundation. Such a consultant will assist in establishing objectives, determining alternative models of asset allocation and identifying appropriate managers or funds. It will be expected to

produce for the Committee and the Foundation's officers timely reports that monitor the performance of individual managers against similar managers as well as the performance of the entire portfolio against its objectives and against other appropriate indices as well as special reports requested from time to time. Consultant relationships will be reviewed by the Committee every three years or more frequently if necessary.

X. Limitations and Restrictions

The investment limitations and restrictions stated below apply to investments in non-mutual and non-pooled funds, where an investment manager has been contracted to construct a separate, discretionary account on behalf of Fund 1 or Fund 2. Investment guidelines for externally managed mutual funds, closed-end funds, unit investment trusts and private investment companies (i.e. hedge funds) shall be governed by the terms and conditions of the respective registration statements, partnership agreements, prospectuses and offering documents.

Except as explicitly authorized by the Investment Committee, investment managers are prohibited from trading in the following categories of investments:

- Unregistered or restricted stock
- Commodities – including gold, precious gems or currency futures, except as part of an approved investment strategy that specifically emphasizes commodities
- Private placement debt – except as part of an approved strategy that specifically emphasizes private placements
- Municipal bonds
- Conditional sales contracts
- Uncovered options
- Short sales or margin purchases
- Transferable certificates of participation in business trusts and limited partnerships
- Use of derivatives or leverage, except as specified in Section XI
- Securities of the investment managers or their respective parents, subsidiaries or affiliates
- Investments in companies doing business not in accordance with the policy statements of the Investment Committee

XI. Use of Derivatives and Alternative Investments

Derivatives

- A. When prudently used, derivative instruments and strategies can be an important element of general portfolio management. Derivatives can be used for effective alternatives to trading physical securities, provided a manager has the requisite technical knowledge of market factors, the quantitative skills to analyze securities over a range of scenarios and the ability to determine reasonable valuation before purchasing.
- B. The use of derivatives or leverage by a manager must be explicitly authorized in the manager's investment management agreement. Except in hedge funds or special equity strategies, derivative instruments may not be used to affect a portfolio beyond the value of the underlying assets.
- C. Any derivative strategies utilized must be comparable to strategies historically used by a manager in managing underlying physical assets, and managers are responsible for keeping the Investment Committee informed on current internal policies regarding the use of derivatives.
- D. Derivative based strategies may not subject the Foundation's portfolio to greater variability than would be typical of a physical asset portfolio of the same character.
- E. Futures and options contracts are restricted to actively traded liquid instruments on major exchanges and over-the-counter options or forward contracts executed with major dealers. All futures, options or forward contracts must be offset, in full, by underlying asset positions.

Alternative Investments

- F. The purpose of investing in alternative investments is to enhance diversification through non-market-dependent strategies and to provide positive absolute rates of return regardless of the general direction of equity and fixed income markets. A manager may make alternative investments if only authorized to do so in its management agreement.

G. Alternative investments are defined as strategies that may include, but are not limited to the following: private equity securities, hedge funds, commodities, managed futures, convertible securities, mortgage-backed derivatives, merger arbitrage, real estate, oil and gas investments, bonds (both investment-grade and non-investment grade, including high yield debt, distressed or other securities), short selling of equity securities, futures contracts on market indices or commodities and options contracts on market indices or individual securities. Allowable hedge fund strategies include: statistical arbitrage, equity market neutral, convertible arbitrage, distressed securities, merger arbitrage, fixed income arbitrage, equity long/short, global macro and short selling. Alternative investments are to be used by a manager in a manner consistent with providing enhanced diversification and positive absolute rates of return.

XII. Communication and Reporting

- A. Each manager engaged by the Committee is responsible for immediate notification of the Foundation through the Committee and the Foundation's officers as to all significant matters pertaining to investment policies and management of the Foundation's assets, including, but not limited to: 1) major changes in the investment manager's investment outlook, investment strategy and portfolio structure; 2) any significant changes in the ownership, organizational structure, financial condition or senior personnel staffing of the investment manager's organization; and 3) quarterly transactions, evaluation and performance reports.
- B. Quarterly, and if requested, monthly, evaluations of assets under management shall be supplied by investment managers, in such form as may be requested by the Committee and shall include market valuations, industry segmentations, transaction registers, cash statements and similar reports. Reports of fixed-income securities and equities shall show inventories at cost, purchase date, market value and share or unit values at cost and market values.
- C. At reasonable times and at the direction of the Committee, meetings shall be held with each manager under contract to discuss performance results, economic outlook, organizational changes and other pertinent matters.

D. All materials required of manager and custodians shall also be provided to the Committee's consultants.

XIII. Conflict of Interest

It is the policy of the Foundation to avoid conflicts of interest in its operations and in the selection of investment managers or funds. Without limitation of general conflict-of-interest rules adopted by the Foundation, Directors and officers of the Foundation and members of the Committee shall make disclosure, and shall not participate in any decision on behalf of the Foundation as to any firm with which they have an ownership, governance or employment relationship. No independent investment consultant retained by the Foundation, or any entity in which such consultant may have an interest, shall be a party to any transaction with, or have a financial or other interest in, any investment manager providing services to the Foundation or any fund in which the Foundation has an investment.

Investment Policy

THE **ACME FOUNDATION** INVESTMENT POLICY

Amended as of **January 1, 2019**

- I. INVESTMENT GOAL:** The investment goal of The **ACME Foundation** (the Foundation) is to earn a total return that will provide a steady stream of income to fund the grant making and operations of the Foundation in support of its mission while preserving the real or inflation-adjusted value of the Foundation's total investment assets (the Total Portfolio) over long periods of time.

In an effort to meet this goal, the Foundation maintains a diversified Total Portfolio that is invested in various asset classes and investment styles. As a prudent investor, the Foundation's asset allocation plan considers the investment standards provided by government authorities and takes into account: general economic conditions; the possible effect of inflation or deflation; the expected tax consequences of investment decisions or strategies; the role that each investment or course of action plays within the overall investment portfolio of the Foundation; any special relationship or value of an investment to the mission of the Foundation; the expected total return of the portfolio, including both income and appreciation of investments; other resources of the Foundation; and the Foundation's needs to make distributions and preserve capital.

- 2. INVESTMENT OVERSIGHT:** As described in the Foundation's Investment Committee Charter, the Investment Committee oversees the management of the Foundation's investment assets assisted by the Foundation's staff. The Foundation's Investment Committee and staff seek to manage and invest the Foundation's assets in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In fulfilling these responsibilities, the Foundation's Investment Committee and staff: conduct regular reviews of its investment policy, asset allocation and investment risks to ensure they are appropriate; conduct regular reviews of the Foundation's investment fees and expenses to ensure they are reasonable and appropriate; and make reasonable efforts to verify facts relevant to the management and investment of the Foundation's assets. In addition, the Foundation's staff meets regularly with each of its investment managers to

ensure they are managing the Foundation's assets appropriately and provides regular updates to the Investment Committee on the Foundation's investment portfolios.

The responsibilities of the Foundation's Investment Committee are described in its Committee charter, which is provided in Exhibit A. The Investment Committee delegates some responsibilities to the Foundation's investment staff, which may vary over time as described in the Committee charter in Exhibit A and the Asset Allocation Authority Matrix in Exhibit B.

3. POLICY PORTFOLIO

- a. Definition:** Our Policy Portfolio provides the underlying framework for our investment process. It is allocated among Asset Classes in a mix that is judged to be most appropriate for the Foundation from the perspective of potential return and risk over the long term. Our Policy Portfolio is the outcome of a process that reviews the following factors, among others:
- i. Long-term risk, return and correlation expectations for each Asset Class and reviews of global economic trends.
 - ii. Market Stress Tests that evaluate the expected returns and potential drawdowns for our current and prospective Policy Portfolio allocations in various economic scenarios.
 - iii. The results of our quantitative mean-variance optimization model, which identifies efficient asset allocations with expected returns that surpass those of all other portfolios for the same level of risk.
 - iv. Current valuations for each Asset Class relative to historical averages.
 - v. Our projected spending for grants and expenses and the relative liquidity of our investments.

A key component of our Policy Portfolio is the establishment of ranges for each Asset Class – and for three aggregations of Asset Classes, namely Total Market Stocks, Total Growth, and Total Liquidity Reserve – that permit our investment staff to exercise their authority, within specified limits, to give a higher weighting to investments and managers with the most favorable outlooks. These ranges are set so their midpoints sum to 100 percent. The upper and lower ends of these ranges are used as triggers for rebalancing our Portfolio.

Our Policy Portfolio also enables us to measure the results of our investment decisions, with a focus on performance over rolling three- and five-year periods.

Our current Policy Portfolio is provided in Section 3.B. and definitions of our Asset Classes are provided in Exhibit C.

b. Asset Class Midpoints and Ranges

		PERCENT OF TOTAL PORTFOLIO	
Purpose	Asset Class	Midpoint	Range
Growth Growth	Market Stock	16	11-21
	United States		
	Developed Markets ex-US	10	5-15
	Emerging Markets	6	3-9
	Global	8	4-12
	Total Market Stock	40	35-45
	Special Equity	6	4-8
	Hedge Funds	17	12-22
	Private Assets	20	15-25
	Total Growth	83	73-93
Diversification	Stable Return	4	2-6
Fixed Income Liquidity Reserve	Global Credit	7	3-11
	US Government	5	2-8
	Cash	1	0-2
	Total Liquidity Reserve	13	5-10
	TOTAL	100	

4. INVESTMENT RETURN OBJECTIVES

- a. Total Portfolio Return Objective:** The primary long-term investment objective of the Total Portfolio is to generate a return net of all investment management fees that equals or exceeds the Employment Cost Index Plus 5.0% over rolling three- to five-year periods. This return will enable the Foundation to meet its mandated distribution requirements, while maintaining the purchasing power of its principal holdings. The returns on the Foundation's investments will be evaluated on a total return basis, including both

income and capital appreciation.

b. Market Portfolio Return Objectives: The long-term investment return objective for our portfolio of marketable investments (Market Portfolio) is to exceed the return of the Policy Portfolio for our Market Portfolio, which is comprised of the market benchmarks shown below, weighted in proportion to the midpoints of each Asset Class in our Market Portfolio, by 100 basis points.

PORTFOLIO BENCHMARKS FOR MARKET PORTFOLIO			MIDPOINT WEIGHT AS A PERCENT OF	
Purpose	Asset Class	Benchmark	Market Portfolio	Total Portfolio
Growth	Market Stock	S&P 500	20.00	16
	United States			
	Developed Markets ex-US	MSCI EAFE	12.50	10
	Emerging Markets	MSCI EM	7.50	6
	Global	MSCI ACWI	10.00	8
	Total Market Stock		50.00	40
	Special Equity	MSCI ACWI Plus 50 basis points	7.5	6
	Hedge Funds		21.25	17
	Total Market Growth		78.75	63
Diversification	Stable Return	HFRI Composite Plus 50 basis points	5	4

Fixed Income Liquidity Reserve	Global Credit	BC Aggregate Bond	8.75	7
	US Government	BC US LT Treasury Bond	6.25	5
	Cash	BoA 91-Day T-Bill	1.25	1
	Total Liquidity Reserve		16.25	13
	TOTAL		100.00	80

- c. **Private Portfolio Return Objectives:** The long-term investment return objective for our portfolio of private investments (Private Portfolio) is to exceed the End-to-End benchmark (customized to match its actual sector and vintage year allocation) of the Private Portfolio of our Policy Portfolio.

PORTFOLIO BENCHMARKS FOR PRIVATE PORTFOLIO			MIDPOINT WEIGHT AS A PERCENT OF	
Purpose	Asset Class	Benchmark	Private Portfolio	Total Portfolio
Growth	Private Assets	End-to-end dollar-weighted index customized to match actual vintage year allocation	100.00	20
	Total		100.00	20

5. **ASSESSING INVESTMENT RISK:** The Foundation regularly assesses its Total Portfolio for the risks identified below by conducting the reviews described:

a. **Strategic Risk Reviews for our Total Portfolio**

- i. **Total Portfolio Inflation-Adjusted Market Value Review** - Compares the current market value of our Total Portfolio to the market value we would expect to have if our Total Portfolio had generated a return, net of fees, equal to our benchmark, the Employment Cost Index Plus 5.0%, over designated periods. This metric enables us to evaluate changes in the purchasing power of our Total Portfolio.
- ii. **Asset Allocation Review** - Compares our current Asset Allocation to the midpoints of

our Policy Portfolio. This metric highlights the over- and underweights in our Total Portfolio.

iii. Correlation and Beta Review - Monitors the sensitivity of our Total Portfolio and each Asset Class to global stock market movements, as measured by their correlation and beta metrics to the MSCI ACWI Index.

iv. Liquidity Review - Reviews the liquidity of our Total Portfolio in comparison to our Liquidity Coverage Ratio Policy, as provided in Exhibit D, to ensure that our Foundation has the ability to meet its cash needs for grants, expenses and capital calls at all times.

b. Strategic Risk Reviews for our Market Portfolio

i. Risk-Adjusted Performance Review - Reviews the ratio of our Market Portfolio returns to their realized volatility in comparison to our Market Portfolio Benchmarks over the trailing three and five years. This metric enables us to assess the quality of our risk-adjusted returns.

ii. Policy Portfolio Market Scenario Review - Evaluates how our current Market Policy Portfolio might have performed in selected historical market stress scenarios, such as the global financial crisis in 2008.

c. Strategic Risk Reviews for our Private Portfolio

i. Capital Call and Distribution Review - Enables us to monitor fluctuations in the net cash flow of our Private Portfolio.

ii. Capital Commitments - Monitors the unfunded commitments of our Private Portfolio.

d. Tactical Risk Reviews at the Investment Manager Level

i. Valuation - Reviews the pricing procedures and valuation policies used by the Foundation's investment managers and custodial trustee before accepting a reported value as fair value, and classifies its investments in a fair value hierarchy that conforms to the guidance provided by the Financial Accounting Standards Board (FASB).

ii. Due Diligence - Conducts due diligence meetings with the Foundation's investment managers to review their investment staffs, strategies, performance and valuation policies and procedures. The Foundation also inquires about the service providers,

including auditors, prime brokers, fund administrators and custodial trustees, for the Foundation's private investment funds as part of its due diligence process.

iii. Leverage - Prohibits the use of leverage in the Foundation's separate accounts and monitors the leverage used by the private investment funds in which the Foundation invests.

iv. Derivatives - Permits its separate account managers that invest in marketable securities denominated in foreign currencies to invest, within prescribed limits, in foreign currency futures, options and forwards for currency hedging purposes.

The Foundation monitors the exposure to these and other derivatives, such as interest rate and credit default swaps, in the private investment funds in which it invests.

v. Counterparties - Inquires about the credit quality of the counterparties used by the Foundation's managers and conducts an independent check against S&P and Moody's ratings for these firms.

vi. Securities Lending - Does not permit securities lending in its separately-managed investment accounts and inquires about the securities lending activities of its private investment funds.

vii. Currency - Monitors the currency exposure in the Foundation's separate accounts and private investment funds.

6. SECURITY SELECTION LIMITS FOR MANAGERS

- a. The Foundation's separate account managers are prohibited from purchasing securities that will create unrelated business taxable income as defined in Section 512 of the Internal Revenue Code of 1986, as amended. This precludes the acquisition of debt financed property including the purchase of securities on margin. However, the Foundation may invest in private investment funds in strategic asset classes that are expected to increase the Foundation's investment returns and portfolio diversification, including Private Equity, Private Real Estate, Private Energy and Hedge Funds that may generate unrelated business taxable income. The Foundation monitors the unrelated business taxable income generated by the private investment funds in which it invests on a regular basis.
- b. Investment managers are prohibited from investing in any securities which would

jeopardize the tax-exempt status of the Foundation as defined in Section 4944 of the Internal Revenue Code of 1986, as amended.

- c. The Foundation's separate account managers are prohibited from purchasing nonmarketable private placements due to their illiquidity. The Foundation monitors the holdings of non-marketable private placements in its private investment funds.

7. PROXY VOTING: Investment managers will vote proxies for the Foundation in accordance with their respective proxy voting policies. The Foundation reviews quarterly reports from each of its separate account managers that describe the proxies voted on the Foundation's behalf for the quarter and year-to-date and reviews the proxy voting policies of each of its separate account managers annually.

8. DIRECTED BROKERAGE COMMISSIONS: Managers are permitted to direct brokerage commissions on their own behalf provided that they have verified that the Manager's directing of commissions:

- Will not hamper the Manager's ability to secure the best execution of trades.
- Will fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor is available only if the Manager has determined in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by the broker or dealer. Research services are defined as advice regarding the value of securities, the advisability of investing in securities and their availability, and reports on companies, industries, economic trends, portfolio strategy recommendations, and performance measurement services.

Managers are further required to submit quarterly reports which describe the uses of any directed brokerage commissions generated for the Foundation's accounts.

9. CUSTODIAL TRUSTEE AND PERFORMANCE MEASUREMENT FUNCTIONS

- a. The Foundation will retain an independent firm to provide custodial trustee services for its separate accounts, which include maintaining records of assets held, executing trades for investment managers and collecting interest and dividends. The custodial trustee will provide monthly reports of assets held, security transactions, income and tax-based

capital gains to the Foundation.

- b. The Foundation will also retain an independent firm to provide performance measurement services, which include independent calculation of investment manager returns, comparisons to indexes and the calculation and review of relevant portfolio characteristics.

10. WITHDRAWALS: Withdrawals from the Foundation's accounts may be made at the request of representatives of the Foundation, as authorized by the Foundation's Investment Committee.

INVESTMENT COMMITTEE CHARTER

EXHIBIT A: INVESTMENT COMMITTEE CHARTER

The Investment Committee of the Foundation's Board of Directors (the Committee) oversees the management of the Foundation's assets. The Committee is authorized to:

Section A: Duties and Responsibilities of the Committee

1. Review and approve appropriate investment policies and guidelines for the Foundation's assets, including allocations among various asset classes, derivative strategies and practices, risk tolerances, and other strategic matters, including development of overall investment targets and benchmarks for each asset class.
2. Recommend to the Board of Directors, jointly with the President, the hiring or firing of the Chief Investment Officer (CIO).
3. Approve the design of the incentive compensation plan for the investment staff (including performance benchmarks) and recommend changes to the plan to the Governance and Compensation Committee.
4. Jointly with the President, conduct the annual performance review of the CIO, and recommend changes in compensation and payouts under the incentive compensation plans to the Governance and Compensation Committee.
5. Delegate investment functions, including without limitation, authority to delegate to the CIO the authority to: hire and fire investment managers and make commitments to private funds, subject to certain limitations and requirements, as provided in Sections B.I. and

B.2.; and hire and fire investment research consultants, subject to certain limitations and requirements, as provided in Section B.3.

6. Review and approve: the hiring, firing and budgets for the governance-related investment service providers of the Foundation, which include the following services: private fund accounting; performance measurement; custodial trust; outside legal; and any other services that the Committee may designate. These are classified as governance services since they have important roles in either the valuation and performance measurement of the Foundation's total portfolio or our compliance with US and foreign investment-related laws and regulations.
7. Review and approve budgets for investment consultant and research services that provide information and advice on the global markets, asset allocation strategies and analysis of individual asset classes. These services are not considered governance services since they do not have a role in the valuation and performance measurement for the Foundation's total portfolio or our compliance with US and foreign investment-related laws and regulations. The hiring and firing of these service providers has been delegated to the Foundation's CIO, as described in Section B.3.
8. Annually review all direct and indirect investment fees and fee rates paid by the Foundation for the prior year to ensure they are reasonable in comparison to relevant benchmarks and other factors, including: investment management and carried interest fee rate benchmarks provided by independent industry consultants; and comparisons to investment consulting fees paid by foundations within our investment peer group.
9. Review and approve the Foundation's investment due diligence procedures that are designed to verify: the existence and proper valuation of the Foundation's assets, the continuity of key staff at the Foundation's investment managers and compliance by the investment managers with the Foundation's investment policies and guidelines.
10. Review the Foundation's liquidity and cash management practices.
11. Report to the Board of Directors on the investment performance of the Foundation's total portfolio and the actions taken by the Committee.
12. Approve the Foundation's investment wire transfer controls.
13. Engage and work directly with appropriate expert advisors as necessary or advisable, including the expenditure of funds for the retention of such advisors.
14. Review disclosures by Board and staff members related to Foundation investment activity

that could potentially give rise to a conflict of interest, and follow the Conflicts of Interest procedures described in the Board Member Code of Ethics and Staff Code of Ethics policies, respectively, and promptly report any such determinations made to the Audit Committee.

15. Periodically review the Committee's responsibilities and recommend any changes to the Governance and Compensation Committee.
16. Perform such other functions as the Board of Directors shall designate from time to time.

The management liaison to the Investment Committee shall be the Chief Investment Officer.

Section B: Delegations to the Chief Investment Officer

The Committee hereby delegates to the CIO the authority, within the asset classes approved by the Committee, to:

1. Hire and add assets to managers of all types and make commitments to private funds, subject to the investment policies, risk tolerances, reporting requirements, and all other policies approved by the Committee and the following additional limitations:
 - a. **Limitations on Passively-managed Index Fund Investments** - The Foundation's investments in passively-managed Index Funds may be increased or decreased by the CIO subject to the limit that the total investments in the relevant Asset Classes, including passively-managed Index Fund accounts and actively-managed accounts, remain within the ranges provided in Section 3.B. of the Foundation's Investment Policy at the time of investment.
 - b. **Limitations on Actively-managed Investments** -The Foundation's CIO is authorized to make investments in Actively-managed accounts within the limits provided in Exhibit 1.

Exhibit 1: Limitations on Actively-managed Accounts

Legend: Stock; Hedge Funds; Fixed Income

Market Assets	Per Account	
Asset Class	Maximum Initial Investment	Maximum Invested Assets Plus Subsequent Contributions

Market Stock	\$50 million	\$75 million
Hedge Funds	\$30 million	\$50 million
Fixed Income	\$50 million	\$100 million
Private Assets	Per Fund	Per Manager
Sub-Asset Class	Maximum Initial Commitment	Maximum Invested Assets Plus Current and New Unfunded Commitments
Private Equity	\$20 million	\$75 million
Private Energy & Real Estate	\$20 million	\$50 million

These limitations on amounts apply to the total value (including the proposed investment) with the fund or manager at the time the investment is made; they are not limits to which the investment must be reduced if market appreciation increases the assets under management by the fund or manager. Investments in multiple products at a single Market Asset Manager are permitted. However, the total assets invested with a single Market Asset Manager should generally not exceed 10% of the Foundation's Total Portfolio. Increases above that level are permitted on a temporary basis if they are caused by market appreciation.

2. Fire managers of all types and asset classes, and to withdraw proceeds from terminated managed accounts for transfer to other approved accounts of the Foundation, without limitation.
3. Hire and fire investment consultants and research services that provide information and advice on the global markets, asset allocation strategies and analysis of asset classes, subject to remaining within the budgets for these services approved by the Committee. These services are not considered governance services, as described in Sections A.7. and A.8.

Section C: Other Responsibilities of the Chief Investment Officer

The Committee hereby designates the following additional responsibilities of the CIO:

1. **Reporting Responsibilities** - The CIO will provide the Committee with reports on the performance of the Foundation's Total Portfolio and each Asset Class and investment manager at each Committee meeting and quarter end. In addition, the CIO will provide an analysis of the performance and prospects for each individual Asset Class and invest-

ment manager in the portfolio at least annually.

2. **Adherence to the UTOPIA Not-for-Profit Corporation Law** - In carrying out his or her duties, the CIO shall adhere to the guidelines set forth in the UTOPIA Not-for-Profit.

Approved by the Investment Committee

on June 20, 2018

Approved by the Board

on June 21, 2018

ASSET ALLOCATION AUTHORITY MATRIX

EXHIBIT B

Asset Allocation Authority Matrix

Purpose	Allocation Set By	
	Investment Committee Asset Class	CIO Sub-Asset Class
Growth	United States Stock Developed Markets ex-US Emerging Markets Stock Global Stock	No Sub-Asset Classes
	Special Equity	Biotech Stock Energy Stock
	Hedge Funds	Long/Short Equity Credit Multi-strategy
	Private Assets	Private Equity Buyout/Growth Equity Venture Capital Secondary Funds of Funds Primary Funds of Funds Private Energy Private Real Estate
Diversification	Stable Returns	Global Macro Systematic Relative Value
Fixed Income Liquidity Reserve	US Government Bonds Global Credit Cash	No Sub-Asset Classes

ASSET CLASS DEFINITIONS

EXHIBIT C Asset Class Definitions

The definitions for each of our Asset Classes are provided beginning below.

- 1. Market Stock Asset Classes** - Investments with managers that invest in exchange-traded equity and equity-like securities (e.g., common stock, preferred stock, and convertible bonds) of public companies. The Foundation has four Market Stock Asset Classes, whose midpoints and ranges are approved by the Foundation's Investment Committee, as noted in Section 3.B. of the Investment Policy.

United States Stock
Developed Markets Ex-US Stock
Emerging Markets Stock
Global Stock

The Foundation has hired Stock managers that focus their investments on public companies that are domiciled and traded in the geographic regions shown above.

- 2. Special Equity** - Investments with managers that provide superior risk-adjusted returns in strategies and structures that do not fit well in other asset classes due to high volatility, illiquidity, or both. Managers in this asset class generate returns that significantly exceed the returns of the major global stock market indexes over long periods of time with high volatility. These managers often experience significant market value drawdowns over time periods of varying length due to the idiosyncratic nature of their investment universes. Investment firms that specialize in Market Stocks in the Biotech or Energy sectors are examples of managers in this category.

- 3. Hedge Fund Investments** with managers pursuing several different investment strategies intended to produce returns largely correlated with the equity markets at lower risk, typi-

cally using a combination of leverage, short sales, hedging with derivatives, arbitrage, and private investments. The funds share similar legal and fee structures, usually involving a degree of illiquidity and the presence of both management fees and carried interests.

Permitted Growth Hedge Fund sub-asset classes include:

- a. **Long/Short Equity** - Long and short equity investments in publicly-held companies.
 - b. **Credit** - Investments in distressed and restructuring company debt and post-reorganization equity.
 - c. **Multi-Strategy** - Investments in Long/Short Equity, Credit, Relative Value (focuses on valuation discrepancies in the relationship between equity, fixed income and other securities) and Event Driven (investing in companies that are currently, or have the potential to be, involved in corporate transactions).
4. **Private Assets** - Investments in illiquid limited partnerships and similar funds that make direct investments in private companies or real estate or conduct buyouts of public companies that result in the delisting of those companies from market exchanges. We invest in several types of Private Assets as described below.
- a. **Buyout/Growth Equity** - Control or Minority investments in mature private or public firms that may be undergoing fundamental changes in operations or strategy or need additional capital for growth. Target companies generally have profits, positive cash flows and assets that can serve as collateral for debt, which is important since high levels of leverage are common for this strategy. Unit economics are generally evaluated by potential investors using traditional financial statement and cash flow analyses.
 - b. **Venture Capital** - Minority investments in private companies that generally do not have a commercial grade product and cannot support debt. The main categories include:
 - i. Early Stage Venture focuses on a product or service concept conceived by an entrepreneur. Investments are made in companies that generally have no revenues or profits, negative cash flows and limited assets. Because these are first institutional investments in startup companies, initial investments are often Series A investments below \$5 million.
 - ii. Late Stage Venture invests in companies with some revenues and, in some cases, profits and assets. Because these are follow-on institutional investments in startup companies, the initial investments are often Series C investments less than \$10 million.

- c. **Private Energy Investments** in illiquid limited partnerships and similar funds that make direct investments in energy companies and/or energy projects, including exploration, production, refining and transportation.
- d. **Private Real Estate Investments** in illiquid limited partnerships and similar funds that make direct investments in the management or development of commercial, industrial, and residential real estate projects and land.

5. **Stable Return Managers** that generate positive, mid-single digit returns over long periods of time with moderate volatility. These managers often minimize volatility due to their use of sophisticated hedging strategies. Investment firms that specialize in Global Macro Systematic and Relative Value strategies are examples of managers in this category, as noted in the definitions provided below.

- a. **Global Macro Systematic Investments** in strategies that rely on mathematical, algorithmic models that analyze movements in global economic variables or prices. The two major types of models include: fundamental models that seek to predict the impact of economic variables on equity, fixed income, currency and commodity markets; and CTA models that seek to identify trends in prices. Managers that use these strategies rely primarily on their models with limited scope for staff judgment on portfolio positioning.
- b. **Relative Value Investments** in a range of strategies that analyze spreads between securities that share financial and economic characteristics to identify deviations from historical relationships. These investments benefit when discrepancies in these spreads are recognized by the market.

6-8. Fixed Income – Liquidity Reserve - The next three asset classes, US Government Bonds, Global Credit and Cash, constitute the Portfolio's Liquidity Reserve. These are investments with managers that use traditional fixed income investment strategies in global investment grade and high yield markets. These managers generate returns with moderate volatility and low sensitivity to global equity markets. They may invest in government, corporate, asset-backed and other fixed income sectors and related derivatives. These managers do not use short sales or private investments but may use derivatives for hedging purposes. The funds in which we invest in these asset classes have daily liquidity, management fees, no carried interest and two types of structures: 1) separate accounts under custody with the

Foundation's custodial trustee; and 2) mutual fund structures that have management fees with no carried interests.

6. US Government Bonds - Investments in fixed-interest debt securities issued and backed by the full faith and credit of the US government or by its agencies with maturities ranging from 6 months to 30 years.

7. Global Credit Investments - in a broad range of securities issued by governments, government agencies, corporations, and financial institutions in the United States and other countries. These securities include investment grade, high yield, defaulted debt, and preferred stock. They may be publicly or privately traded and carry a fixed, floating, or zero-coupon structure. The final maturity of such investments is generally one to thirty years, but may extend longer.

8. Cash and Cash Equivalents - Investments in high quality obligations that mature within two years, including US government and agency securities, certificates of deposits and time deposits of US and 17 foreign banks, commercial paper, and other high-quality obligations of US or foreign companies.

LIQUIDITY COVERAGE RATIO POLICY

Exhibit D

Liquidity Coverage Ratio Policy

The Foundation defines:

- Liquid Assets as assets that can be converted to cash in six months or less; and
- Coverage Ratio as Liquid Assets divided by the sum of the Foundation's unfunded Private Asset commitments plus 10% of the current endowment value.

Ten percent of the current endowment value represents two years of projected spending at the Foundation's target draw of 5%. If a severe market downturn occurs and persists without at least a partial recovery, the Foundation would reduce grant spending – making the dollars represented by 10% of the beginning endowment value likely to cover more than two years of spending. The Coverage Ratio will enable the Foundation to develop a “glide path” to reduce grants while minimizing the harm to the programs it supports.

The following actions will be taken based on the Coverage Ratio:

Coverage Ratio	Actions
2.2 and above	The only restrictions on new Private Asset commitments that apply are those listed in the Delegation of Authority limits in the Committee charter.
1.5 to 2.2	Delegated authority to the CIO to make new Private Asset commitments is suspended; new commitments to Private Assets require IC approval
Below 1.5	Moratorium on new Private Asset commitments Consider sales of some limited partnership interests in Private Assets on the secondary markets

ENDOWMENT PROFORMA

DOWNLOAD THE EXCEL FILE [HERE.](#)

ENDOWMENT INVESTMENT MANAGEMENT POLICY

ACME FOUNDATION ENDOWMENT INVESTMENT MANAGEMENT POLICY

I. Preface

All investment Managers (“Managers”) employed by the ACME FOUNDATION(AF, or Fund) shall either be registered with the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940 and provide the most recent investment advisor registration form (ADV Part II) filed with the (SEC), or be exempted from registration under the Investment Advisors Act of 1940 exclusion for organizations regulated by the Bank Holding Company Act of 1956. Organizations exempted from Federal-level registration due to having assets under management of less than \$25,000,000 are not permitted. Further, no more than 50% of the total endowment assets may be assigned to any one Manager. The Investment Committee may, in its discretion, waive these requirements for Managers selected for alternative investments arrangements.

It is the intention to fully diversify endowment assets over time into viable asset categories via professional management in order to eliminate dependence on one or two asset categories, which could adversely affect the total return.

This policy will structure its philosophy around the concept of complementary Managers who shall be responsible for specific asset categories and management styles. In implementing its philosophy the AF may use separate accounts, commingled funds or mutual funds to accomplish its objectives.

This document shall outline the following:

- A. The risk/growth posture of the Funds.
- B. An appropriate set of goals and objectives for the selected Managers.
- C. The overall investment objectives and guidelines of the Foundation and the Foundation.
- D. Standards of performance
- E. Communication and reporting requirements.

Management of the Fund is a long-term responsibility. Therefore, long-term objectives are the standard to be observed.

II. Investment Objectives

- A. The objective of the total return investment management program is to produce growth and income sufficient to support both donor goals and fund objectives. The long-term objective of total return shall be the rate of change of the CPI plus 5.0% (See Standards of Performance, Section VI). Total return is the sum of earned interest and dividends and realized and unrealized gains or losses less all investment management costs. As income distributions shall be taken from the total return of the funds (see Spending Policy, Section V), the Managers should concentrate their efforts on total return, which will increase the corpus of the fund and thereby increase the purchasing power of the assets under management.
- B. Each asset class approved by the Investment Committee will have a primary benchmark and target allocation. The primary benchmark may be a combination of one or more benchmarks to more closely match the Manager structure of that asset class. The target allocation specified for each asset class will be reviewed and reconfirmed periodically.
- C. Given the objective, the investment Managers shall recognize the long-term responsibilities and purposes of the AF and manage its assets utilizing the same care, skill, prudence and diligence under the circumstances then prevailing that experienced investment professionals would use in like activities for like funds with like aims in accordance and compliance with all applicable laws, rules, and regulations from local, state, federal, and international political entities as it pertains to fiduciary duties and responsibilities.
- D. A complementary investment objective is that the rate of return of each Manager should compare favorably over comparable periods to that of other Managers of a like style and discipline.
- E. When active management is employed, active Managers are expected to add value as established per Section VI, Standards of Performance. When passive management is employed, the passive Managers are expected to track the index appropriate for the passive investment.
- F. As it is anticipated that inflation will continue to be a part of our economic system and the AF shall attempt to distribute 5.0% as defined in the Spending Policy (Section V), the target objective for the total (net of all investment management costs) portfolio return is the rate of change of the CPI + 5.0%.

G.If donor funds are accepted by the Foundation with specific restrictions as to investments, they shall fall outside the dictums of this policy and shall be administered by the Investment Committee or its designee in accordance with donor specifications (Section XIII, Other Investments).

III. Investment Policy

The Investment Committee has evaluated the various investment asset classes available, considering the historical rates of return and relative levels of risk associated with each. The Investment Committee recognizes that, over the long-term, the allocation among various asset classes may be the single most important determinant of the Endowment's investment performance. The Investment Committee further recommends the investment of all endowment assets in accordance with the following policy guidelines.

A.ASSET ALLOCATION: Asset allocation policy will be developed using appropriate best practice tools such as a mean/variance optimizer or other tools as appropriate. Endowment assets shall be invested according to the following maximum and minimum ranges for each asset class as stated below:

Percent of Total Assets

Asset Class	Minimum	Maximum
Equities:		
Domestic Equity	10%	50%
International Equity	10%	30%
Fixed Income/Cash	10%	50%
Real Assets	5%	20%
Private Equity	0%	20%
Hedge Funds	5%	20%

The asset allocation policy is expected to have a high likelihood of meeting the objectives outlined in Section II of this policy statement.

The asset allocation ranges established by this Investment Policy represent a long-term perspective.

As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range. These divergences should be of a short-term nature.

The Investment Committee will be responsible for re-balancing aggregate fund assets per Section XII and ensuring that the Managers keep divergences as brief as possible.

With regard to illiquid investments, including private equity and real assets, the total target allocation pertains to invested capital, not committed capital. Because of the way cash is normally drawn down for these types of investments, it is understood that it may be necessary to commit capital of up to 50% more than the target policy in order to achieve a given allocation.

The Managers shall have discretion to invest a portion of the assets in cash reserves when they deem it appropriate. However, the Managers will be evaluated against their peers and their predetermined benchmarks on the performance of the total funds under their direct management.

The Investment Committee will review the Asset Allocation target annually and may, upon majority vote by the Committee, recommend an appropriate Asset Allocation target within the above asset classes.

B. QUALITY STANDARDS: Unless otherwise authorized and with the exception of commingled funds, the following standards will be applied to investment securities contained in the endowment portfolio:

a. ALL SECURITIES

- i. Best Execution: All transactions are to be governed by negotiation for execution on a “best realized price” (best net price) basis. The lowest commission rate need not mean the best realized price. Execution capability, price and overall effectiveness shall be considered, along with commission rate.
- ii. Directed Commissions/Trades: The Investment Committee reserves the right to direct trades (or a portion thereof) for the recapture of commission dollars as long

as the principle of “best realized price” is maintained.

- iii. Diversification: Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, corporations or industries.
- iv. Volatility: Consistent with the desire for adequate diversification, the AF Investment Policy is based on the expectation that the volatility of the portfolio will be similar to, or less than, that of a market portfolio with asset class weights identical to that of the AF Investment Policy.
- v. Liquidity: Managers will be expected to regularly provide funds to the AF. The AF will notify the investment Managers well in advance of any changes in cash income draw requirements to provide sufficient time to adjust to the requirements.
- vi. International Constraints:
 - 1. Non-international equity specialty Managers will be permitted to invest up to 30% of their portfolio holdings in international equities of similar quality and marketability.
 - 2. International equity specialty Managers will be permitted to invest up to 20% of their portfolio holdings in emerging markets and other non-developed international equity markets.

In addition to the above, the following standards will apply to specific asset classes:

b. TRADITIONAL EQUITY INVESTMENTS (except those made by Private Equity, Real Asset, and Absolute Return Managers)

- i. Quality Constraints: Equity holdings shall be restricted to high-quality, readily marketable securities of corporations that are actively traded on the major exchanges including NASDAQ.
- ii. Exclusions: The following categories of securities are not permissible for investment at this time without prior approval by a majority vote of the Investment Committee:
 - 1. Unregistered or restricted stock
 - 2. Commodities, including gold or currency futures except those used for hedging activities.
 - 3. Conditional sales contracts

4. Options, including the purchase, sale or writing of options
5. Warrant
6. Margin buying
7. Short selling
8. Security lending programs

3. TRADITIONAL FIXED INCOME INVESTMENTS

Types of Issues:

1. U.S. Government or agencies of the U.S. government
2. Domestic corporations, including convertibles, of investment grade industrial firms and utilities.
3. Domestic banks and other financial institutions of the U.S.
4. Mortgage pass-through securities issued by a U.S. Agency and Collateralized Mortgage Obligations as detailed below.
5. International fixed income investments of similar quality and marketability.
6. Tax exempt securities, either state, federal or political subdivisions.
7. Private Placements.

Collateralized Mortgage Obligations (CMOs) may not exceed 20% of any traditional fixed income portfolio. In addition, no investment is permitted in interest-only (IO), principal-only (PO) or inverse floating range instruments in a traditional fixed income portfolio.

Investments in non-U.S. dollar denominated issues may be made in those issues of foreign sovereigns who, at the time of investment, maintain diplomatic and economic ties with the United States and are not designated to be hostile or terrorist by the U.S. State Department.

B. Quality Constraints: The average rating of the traditional fixed income portfolio will be “A” or better as established by a recognized rating service and further reinforced by independent in-house credit analyses. In cases where the yield spread adequately compensates for additional risk, up to 25% of the market value of the fixed income portfolio may be in securities rated less than BBB or the equivalent.

Cash equivalent reserves shall consist of interest bearing or discount instruments of the U.S. Government or agencies thereof, money market funds, corporate discounted instruments, corporate issued commercial paper rated at least A-1 by Standard & Poors and P-1 by Moody's, time deposits of U.S. or foreign banks, bankers acceptances and fully collateralized repurchase agreements. Both U.S. and foreign offerings are permissible.

C. International Constraints: With the Investment Committee's prior approval, domestic fixed income Managers will be permitted to invest up to 20% of their portfolio holdings in international fixed income issues. Hedging to currency risk(s), will be permitted at the Manager's discretion. International fixed-income Managers shall be limited to no more than 20% in domestic fixed-income issues except for cash equivalents.

D. Maturity Constraints: Including all issues, the average weighted maturity of the total traditional fixed income portfolio shall be maintained at a level not to exceed the benchmark index by more than seven (7) years. However, since active bond management is encouraged, transactions may occur where the portfolio maturity may be temporarily lowered or raised in anticipation of market changes. In addition, there may be specific maturity constraints applied to specific management styles.

Cash equivalent reserves are securities whose maturity is less than or equal to one year.

Including all issues, the average weighted duration of the total traditional fixed income portfolio shall be at a level not to exceed the benchmark index duration by more than two (2) years.

E. Diversification: Except for government and agency obligations, the fixed income account shall contain not more than 10% of any single issuer, at cost.

F. Marketability: There shall be a ready public market for each issue selected by any Manager of traditional fixed income investments. Arbitrage swapping is permissible provided, however, that the above quality and maturity constraints are maintained in the investment objectives. Each account shall be invested with a total return orientation. Achievement of

maximum yields is not a primary requirement.

G. **Liquidation:** When portfolios of the account must be liquidated, the determination of what to dispose of shall be at the discretion of the investment Manager.

H. **Use of Money Instruments:** At the discretion of the investment Manager, short-term money market instruments may represent a material portion (greater than 50%) of the portfolio, reflecting alternatives to longer-term debt.

4. REAL ESTATE INVESTMENTS

- a. **Quality Constraints:** Any real estate investment pool to be considered must have a minimum value of \$25 million and be comprised of a minimum of four properties. The pool should be structured to achieve diversification within the real estate sectors by geographic location, property type, economic region, lease terms and tenancy.
- b. **Income Constraint:** Properties comprising the pool shall be substantially income producing. Total return proformas shall be expected to provide a return equal to an agreed upon figure for the rate of the CPI + 5% for a 5-year period of time.
- c. **Management Oversight:** Real estate professionals who can provide the following via specific references shall manage all properties:
 - i. History and ownership of the management
 - ii. Background of key personnel
 - iii. Management style or organizational approach to decision-making
 - iv. Professional designations
 - v. Specific history (track record) of the firm

5. NATURAL RESOURCE INVESTMENTS (such as Timber, Oil and Gas)

- a. **Capitalization:** Any natural resource pool or fund of assets shall have a minimum total capitalization of \$25 million.
- b. **Diversification:** Any pool shall be well diversified with a minimum of five investments to be made in five different companies, properties, or ventures, preferably over various sectors.
- c. **Management Oversight:** The management of any pooled investment shall have an established track record of managed natural resource pools of the type to be considered,

with a positive rate of return to previous investors. The return from previous pools should be equal to the average “accepted” returns that were available over a like period of time to those investors.

Alternative investment Managers typically must have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such Managers. Instead, the Committee may choose to terminate a Manager, subject to the Manager’s liquidation policy, if they are dissatisfied with the Manager and/or his or her strategy.

6. PRIVATE EQUITY INVESTMENTS

- a. **Capitalization:** Any private capital pool shall have a minimum total capitalization of \$25 million.
- b. **Diversification:** Any pool shall be well diversified with a minimum of five investments to be made in five different companies or ventures, preferably over various sectors.
- c. **Management Oversight:** The management of any pooled investment shall have an established track record of managed private pools of the type to be considered, with a positive rate of return to previous investors. The return from previous pools should be equal to the average “accepted” returns that were available over a like period of time to those investors.

Alternative investment Managers typically must have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such Managers. Instead, the Committee may choose to terminate a Manager, subject to the Manager’s liquidation policy, if they are dissatisfied with the Manager and/or his or her strategy.

7. HEDGE FUND INVESTMENTS

- a. **Capitalization:** Any hedge fund pool shall have a minimum total capitalization of \$100 million.
- b. **Prior Performance:** It is understood that past performance is no guarantee of future

results. However, any hedge or pooled fund to be considered by the Investment Committee shall exhibit performance, risk and other characteristics deemed appropriate by the Committee.

Alternative investment Managers typically must have significant latitude in the strategies and investments they make and the leverage they introduce into a portfolio. As a result, it is generally not feasible to impose guidelines and restrictions on such Managers. Instead, the Committee may choose to terminate a Manager, subject to the Manager's liquidation policy, if they are dissatisfied with the Manager and/or his or her strategy.

8. MUTUAL OR POOLED FUNDS (Other than Private Equity, Hedge Funds, or Real Assets)

- a. **Quality Constraints:** Mutual or pooled fund holdings shall be restricted to high quality and readily liquefiable funds.
- b. **Assets of Fund:** Investment in any mutual or pooled fund shall be limited to those funds having total assets of \$25 million minimum.
- c. **Prior Performance:** It is understood that past performance is no guarantee of future results. However, any mutual or pooled fund to be considered by the Investment Committee shall exhibit performance, risk and other characteristics deemed appropriate by the Committee.
- d. **Fee Structure:** Mutual fund fees structures will be closely researched. Should it be found that the Foundation is in a position to reclaim any sales loads, dealer concessions or 12b-1 fees, the Investment Committee may, with the assistance of the Foundation's consultant, initiate a program to reclaim these fees.

IV. Investment Strategy

The management of the Fund shall adhere to a maximum diversification approach utilizing complementary styles of management, whether separate accounts, commingled or mutual funds are used. Investments in emerging markets shall be limited to no more than 20% of the portfolio.

A. EQUITY FUND: The Equity Fund shall consist of diversified domestic and international

stocks. The purpose of the Equity Fund is to provide a growing stream of current income and appreciation of principal that more than offsets inflation. It is recognized that pursuit of this object could entail the assumption of greater market variability and risk.

The Equity Fund should normally represent 40% of the total portfolio at market value. Although the actual allocation will vary with market conditions, the Committee will closely monitor levels in excess of 50% or below 30% and re-balancing will automatically be implemented if the ratio falls outside the approved range.

Within the Equity Fund, the 50% allocation to domestic equities will be across capitalization ranges and investment styles. The allocation to international equities will be represented by a diverse allocation to emerging markets and developed non-U.S. large or small companies and with the developed international Managers having the latitude of investing in emerging markets.

B. FIXED INCOME FUND: The Fixed Income Fund shall consist of a portfolio well diversified by sectors. The Fixed Income Fund should normally represent 15% of the Funds at market value. Although the actual allocation will vary with market conditions, levels in excess of 30% or below 10% will be closely monitored by the Committee and rebalancing will, in accordance with policy, be implemented if the ratio falls outside the approved ranges.

Within the Fixed Income Fund, no target allocation to international fixed income will be established as part of the Investment Policy Statement. However, no more than 50% of the Fixed Income Fund may be allocated to international fixed income securities.

The fixed income portfolio will be managed under complementary styles of management, which may include an intermediate and long term fixed Manager. Each account shall be managed in an active manner to achieve the total return objective as established and preserve principal while maintaining a competitive yield as market conditions dictate. No limitations are suggested as to turnover.

C. REAL ESTATE FUND: The Real Estate Fund may be used as another asset class in the portfolio to further diversify the risk exposure of the endowment Funds. No more than 20% of the endowment assets may be invested in this sector, with no more than 30% committed.

D. PRIVATE EQUITY FUND: The Private Equity Fund will not exceed 20% of the total endowment portfolio that may be under the Investment Committee's area of responsibility. The Investment Committee will not consider providing monies for individual private capital projects or developmental projects of any type in any type of industry. Pooled, well-diversified venture capital projects will be considered on a case-by-case basis contingent upon the standards in Section III.

Private Equity investments shall be defined as follows:

1. Venture Capital Pools
2. Research and Development Pools
3. Leveraged Buyout Pools
4. Special Situations like Distressed Securities
5. Funds of Private Equity Funds
6. Any other special investment categories not listed here may be considered as a private equity investment upon a majority vote of the Investment Committee.

E. HEDGE FUNDS: The Hedge Fund Portfolio shall not exceed 20% of the total endowment portfolio under the Investment Committee's area of responsibility. Pooled, well-diversified hedged strategy portfolios will be considered on a case-by-case basis contingent upon the standards in Section III. Hedge Fund investments shall be defined as follows:

1. Directional Strategies (such as long/short equity, short-biased Managers or global macro Managers)
2. Event Driven Strategies (such as merger arbitrage or distressed securities)
3. Relative Value Strategies (such as equity market neutral, convertible arbitrage, or fixed income arbitrage)
4. Funds of Hedge Funds
5. Any other special investment categories not listed here may be considered a hedge fund investment upon a majority vote of the Investment Committee.

F. MUTUAL OR POOLED FUNDS: As situations warrant, the Investment Committee may consider the use of mutual or pooled funds to manage all assets or as a means to further diversify the endowment portfolio.

In general, Mutual or Pooled Funds may include, but not be limited to, the following active or passively managed fund types:

1. Index Funds
2. Specialty Mutual Funds (international, small cap, etc.)

For purposes of asset allocation, such funds will be considered as EQUITY assets and will be subject to all constraints as stipulated in Section III pertaining to equity investments. In addition, performance of mutual or pooled funds will be measured in accordance with the standards described in Section VI.

V. Spending Policy

The Foundation and the Foundation recognize the need for spendable income by the beneficiaries of the Funds under their custodianship. The following spending policy reflects an objective to distribute as much Total Return as is consistent with the overall investment objectives defined herein while protecting the real value of the principal.

The Spending Policy shall be based on the following definitions:

Total Return: Total Return is defined as the sum of earned interest and dividends and realized and unrealized gains or losses less all investment management costs.

Net Current Yield: Net Current Yield is defined as the sum of total interest and dividends earned less all investment management costs.

Spendable Income: Spendable Income is defined as that portion of Total Return allocated for spending in the fiscal year immediately following the year in which it was earned for the purpose(s) defined by the donor at the time of establishment of the Fund.

Consistent with the overall investment goals, the following rules for distribution are set forward:

- A. The total annual distribution of Spendable Income to each unit of the ACME FOUNDATION(AF) shall not exceed 6% nor be less than 4% of the Average Market Value of a unit of the AF. The Average Market Value of a unit will be based on the average unit values of the AF for the preceding 12 quarters. The TARGET annual distribution rate shall be 5% of the average unit market value.
- B. If, in any given twelve quarter rolling period, Total Return is less than Target annual distribution, actual distribution shall not be less than 4% of the average unit market value for such twelve quarter rolling period. The distribution may exceed 5% of the Average Market Value of a unit of the AF if in the determination of the Committee, such higher distribution is warranted.
- C. Distribution obligations of the endowment must be met on a timely and regular basis. Distributions are made to each individual endowment comprising the AF within 30 days of the close of the fiscal year, June 30th. Such distributions may require cash withdrawals from managed funds.

VI. Standards of Performance

The performance of the endowment will be reviewed at least annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives.

It is not expected that the investment policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the maximum commitment levels by asset class as set forth by this investment policy.

In consideration of the endowment's goals and objectives, several standards will be utilized in evaluating investment performance as opposed to a single measure. These standards reflect several aspects of investment performance, including the specific objectives and the market indices used to measure the performance of individual Managers. The specific basis for performance evaluation is as follows:

- A. The Investment Committee expects the total assets under management to perform in the upper third of an acceptable comparable Balanced Universe, over a market cycle or a three to five year period if shorter. Performance of the endowment will also be compared to other funds utilizing a similar investment policy. It is expected that the total assets perform above mean performance in an endowment sample of the performance measurement provider.
- B. Each Manager should exceed the passive standards or benchmarks for the style and type of management as established for each asset class.
- C. Each Manager is expected on a rolling 3 year basis to perform in the top 50 percentile of their peer group, as measured by an acceptable comparable professional performance measurement service that evaluates balanced, equity and fixed income Managers as to style, risk, return and responsibility who have like styles and requirements.
- D. The total rate of return over a full market cycle or a three to five year period, whichever occurs first, should, net of all investment expenses, exceed the rate of change in the Consumer Price Index + 5.0% per year in addition to exceeding the passive standards established herein.
- E. The extent to which the volatility objectives as established herein are satisfied or exceeded will be determined by computing the mean absolute deviation of the investment account's total rate of return from quarter to quarter and comparing this with the same statistic measured for a corresponding market portfolio with asset class weights identical to that of the AF Investment Policy.
- F. Investment performance of various classes of securities will be compared, on a time and dollar weighted basis, with that of AF-managed market indices as well as with an appropriate universe of professionally managed funds for endowments and equity, fixed income and balanced universe as follows:
 - a. Equity performance will be compared with nationally recognized equity indices such as the S&P 500, the Russell 3000 or the Russell 2000. Equity performances will also be compared with a nationally recognized style index depending on the Manager's orientation toward growth or value. Finally, equity performance will be compared to an appropriate peer group universe. The benchmark measures adopted for equity performance will be mutually acceptable to the Manager(s) and the Investment Committee and explicitly stated in the Manager(s) contract.

- b. Fixed income performance will be compared with nationally recognized bond indices such as the Lehman Brothers Aggregate or government/corporate index. Fixed income performance will also be compared to an appropriate peer group universe. The benchmark measures adopted for fixed income performance will be mutually acceptable to the Manager(s) and the Investment Committee and explicitly stated in the Manager(s) contract.
- c. International equity Managers or international pooled funds will be compared against a nationally recognized international equity index, such as the Morgan Stanley Capital International All Country World ex-U.S. Index.
- d. Real Estate performance will be compared with the total return of the National Council of Real Estate Investment Fiduciaries Index (NCREIF) and the National Association of Real Estate Investment Trusts (NAREIT).
- e. Private Equity returns will be compared over the long term, 5-10 years, to the S&P 500 Index plus 5.0% and the comparable returns of the venture capital median Manager performance.
- f. Hedge Fund performance will be compared to the Hedge Fund Research Fund of Funds (HFR FOF) equal weighted collection of fund of funds Managers.

An evaluation of the investment Managers' performance will be conducted quarterly to include not only measurement with respect to the standards described above, but also an overall qualitative evaluation of strategy during the quarter and the past year. However, specific quantitative measures, especially the more absolute oriented measures, will be considered of more importance over a full market cycle or a three to five year period, whichever occurs first.

Managers shall be evaluated quarterly against the appropriate benchmarks. If a Manager is meeting or exceeding performance standards, the Manager's status will be "satisfactory". When a Manager under performs by a margin outside the expected tracking error for the Manager for four consecutive quarters, said Manager will be placed on "probation" until performance returns to "satisfactory". If a Manager on probation continues to underperform for four more consecutive quarters, the Manager will be reviewed thoroughly by the Committee and its consultant, and may be cut back or terminated.

VII. Duties and Responsibilities of Investment Committee

The Board is responsible for the overall stewardship of the Foundation. The Board has delegated to the Committee the responsibility to oversee the Foundation's investment activities on the Board's behalf.

The Committee has the responsibility to ensure that the assets of the Foundation are managed in a manner that is consistent with the policies and objectives of the Foundation. In so doing, the Committee will comply with all applicable laws.

The Committee members are required to discharge their duties solely in the interest of the Foundation and for the exclusive purpose of meeting the financial needs of the Foundation. The Committee is authorized to engage the services of Investment Managers who possess the necessary specialized research capabilities and skill to meet the investment objectives and guidelines of the Foundation. The Committee will require the Investment Managers to adhere to any policies adopted by the Board.

The Committee's responsibilities include:

1. developing and recommending to the Board investment objectives that are consistent with the financial needs of the Foundation, and the policy asset allocation consistent with meeting those objectives;
2. selecting investment managers;
3. reviewing and evaluating investment results in the context of predetermined performance standards, and implementing corrective action as needed; and
4. recommending Spending Policy guidelines to the Board.

VIII. GUIDELINES FOR THE CUSTODIAN

The Investment Committee recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate records.

The Investment Committee identifies the following as responsibilities of the custodian for the endowment:

- A. Provide complete custody and depository services for the designated accounts.
- B. Provide for investment of any cash to avoid lingering uninvested amounts.
- C. Implement in a timely and effective manner the investment actions as directed by the investment Manager(s).
- D. Collect all income and principal realizable and properly report on the periodic statements.
- E. Provide monthly and annual accounting statements as well as online real time accounting for the endowment, including all transactions; these should be based on accurate security values both for cost and market value. These reports should be provided within a time frame acceptable to the Committee.
- F. Report to the Foundation staff situations where security pricing is either not possible or subject to considerable uncertainty.
- G. Distribution to the investment Manager(s) in a timely manner all proxy voting materials.
- H. Provide assistance to the Investment Committee, the investment consultant, and staff, to complete such activities as the annual audit, transaction verification or unique issues.

IX. Communication and Reporting

The Investment Manager(s) are responsible for frequent and open communication with the Investment Committee on all significant matters pertaining to investment policies and the management of the Fund's assets. Some of the key reporting responsibilities include the obligation to:

- A. Inform the Investment Committee of major changes in the investment Manager's investment outlook, investment strategy and portfolio structure.
- B. Advise the Investment Committee of any significant changes in the ownership, organizational structure, financial condition or senior personnel staffing of each investment Manager.
- C. Provide the Investment Committee with quarterly transaction, valuation and perfor-

mance reports to coincide with the Foundation and Foundation's fiscal quarters.

- D. Ensure that all documents, exhibits and written materials that will be used during the quarterly conferences between the Investment Committee and the investment Managers be submitted to and received by the Investment Committee at least 5 business days in advance of these conferences.
- E. Provide the Investment Committee with proof of liability and fiduciary insurance coverage.
- F. Acknowledge in writing an ability and agreement to invest within the guidelines set forth in this investment policy.
- G. Advise the Investment Committee of any changes in the portfolio Manager assigned to the account.
- H. Meet with the Investment Committee at least annually, if the Committee desires such a meeting.

X. Guidelines for Investment Consultant

The Committee may elect to engage an independent investment-consulting firm to assist the Committee's activities. The Consultant is expected to be proactive in recommending changes in investment strategy, asset allocation, and investment Managers if the situation warrants change. The Consultant's responsibilities are as follows:

1. assisting in the development of investment policies, objectives, and guidelines;
2. preparing asset allocation analyses as necessary and recommending asset allocation strategies with respect to the Foundation's objectives;
3. recommending Investment Managers;
4. preparing and presenting performance evaluation reports in accordance with Association of Investment Management and Research promulgated standards;
5. attending Committee meetings to present evaluation reports no less than semi-annually and at other meetings as requested;
6. reviewing contracts and fees for both current and proposed Investment Managers and Custodians;
7. providing research on specific issues and opportunities, and assisting the Committee in special tasks;

8. assisting in the rebalancing;
9. communicating investment policies and objectives to the Investment Managers, and monitoring their adherence to such policies and reporting all violations;
10. notifying the Committee of any significant changes in personnel or ownership of the consulting firm;
11. notifying the Committee of any significant changes in portfolio Managers, personnel or ownership of any investment management firm hired by the Endowment;
12. notifying the Committee immediately of any litigation or violation of securities regulations in which any Investment Manager is involved; and overall, being proactive with the Administration of the Foundation and the Committee in the management of the Foundation.

XI. Proxy Voting

The Investment Committee is mindful of its fiduciary obligations with respect to the voting of proxies of companies whose securities are owned by the Foundation of Foundation.

Because of the complexity of issues and further because of the direct impact on investment values, it is the Investment Committee's considered belief that the Investment Managers who are employed by the Foundation are best suited to vote the proxies of shares held in the portfolios they manage.

Therefore, as part of the Foundation's Investment Policy and the Investment Manager guidelines, the Investment Committee hereby instructs the Investment Managers to vote proxies of companies in accordance with their own guidelines and policies and in the best interest of the endowment.

All Managers voting proxies on behalf of the Foundation may be asked by the Investment Committee to provide their firm's proxy policy and a report showing securities voted, issues involved and the vote made.

XII. Rebalancing

The Investment Committee has established specific asset allocation targets within the ranges of its Investment Policy. To assure allocations are consistent with the policy, the Investment Committee has developed a systematic re-balancing policy.

A.ASSET CLASS REBALANCING: The following policies will be followed regarding equities and fixed income portfolios:

- a. Valuation and monitoring of asset classes in relation to their targets will be done monthly as available from the custodian.
- b. The allocations to each asset class will remain within 20% of its target weighting.
- c. When all asset classes are within 20% of their targets, any cash will be allocated pro rata among all the liquid asset classes.
- d. When asset classes are not within this boundary, the following transaction priorities will be used in order to effect the necessary shifts:
 - i. Utilize cash first to bring asset classes to within 20% of their target allocations.
 - ii. If the cash is insufficient, transfers among individual Managers in each asset class will be done so long as the rebalancing transaction represents not less than 2% of the aggregate portfolio value. In the event the transaction would not affect at least 2% of the portfolio's value, no rebalancing is deemed necessary. This is intended to provide a de minimus exception to the normal rebalancing rule. (Selection of the Managers to be affected should follow the appropriate procedures outlined below.)
 1. Manager cash balances will be transferred first.
 2. If cash is insufficient, instructions will be given to the appropriate Managers to liquidate a pro rata share of their portfolio in order to make the necessary transfer.
- e. Transfers will be made only up to the Manager's maximum investment limits.
- f. When asset classes are not within 20% of their target weights, shifts will be made to bring the asset classes within their 20% boundaries.
- g. Non-marketable investments such as hedge funds, private equity, and real assets shall be maintained within 5% of their current targets if possible. Since little movement of capital can be made within these asset classes due to their illiquid nature, the Invest

ment Committee must review the portfolio to determine whether investments within the asset classes will need to be sold to return to policy or if the out-of-balance levels may be extended temporarily.

B. MANAGER REBALANCING: When rebalancing the Managers, the procedures are as follows:

- a. Valuation and monitoring of Managers in relation to their targets will be done at least quarterly.
- b. Allocations to active Managers will be held to within 20% of their targets.
- c. When all active Managers are within 20% of their targets, cash will be allocated pro rata to the Managers according to their target allocations.
- d. When the active Managers are not within 20%, the following transaction priorities will be used in order to effect the necessary shifts:
 - i. Utilize cash first to fund the under-weighted Manager(s). (This will have the effect of raising the under-weighted Manager(s) and lowering the overweighted Manager(s).)
 - ii. If the cash is insufficient, transfers between individual Managers will be made.
 1. Manager cash balances will be transferred from the over-weighted Managers to the under-weighted Managers first.
 2. If cash is insufficient, instructions will be given to the over-weighted Managers to liquidate a pro rata share of their portfolio in order to make the necessary transfers to the under-weighted Managers.
- e. When any of the active Managers are not within 5%, shifts will be made only to the extent that it brings the Managers within their 5% boundaries, not to their targets. However, in all cases, shifts shall be of sufficient size to be efficient, even if the result is to bring the Managers some distance inside the 5% boundary.
- f. When more than one Manager is either over- or under-weighted, transfers will first be into or out of the Manager most out of balance. Once all the affected Managers are out of balance by the same amount, transfers will then be made equally.
- g. When market conditions warrant and approved such deviations are approved by the Investment Committee, the out-of-balance tolerance levels may exceed 5%.

XIII. Other Investments

The Investment Committee will be responsible for overseeing and implementing a separate policy for the management of those gifts that are accepted by the Foundation with specific restrictions as to investment, imposed by the donor. Such Funds are commonly referred to as “specific” or “nontraditional” endowments.

Additionally, the Investment Committee will develop a policy for the investment management of life income Funds (charitable trusts, pooled income Funds, etc.) where the Foundation or Foundation has been named as the remainder interest.

Current gifts (non-endowment or non-life income funds) to the Foundation will be deposited to the Foundation’s short-term investment pool in accordance with the management agreement between the Regents of the Foundation and the Foundation Board of Directors.

The Foundation’s short-term investment pool is subject to any and all investment restrictions imposed on such Funds by state statutes.

XIV. Changes to the ACME Investment Policy

Any changes to this policy require the prior approval of both the Foundation of Board of Regents and the Foundation Board of Directors.

XV. Conflicts of Interest

All persons responsible for investment decisions or who are involved in the management of the Endowment or who are consulting to, or providing any advice whatsoever to the Committee, shall disclose in writing at the beginning of any discussion or consideration by the Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee will require such persons to remove themselves from the decision-making process.

Any members of the Committee responsible for investment decisions or who are involved in the management of the Endowment shall refuse any remuneration, commission, gift, favor, service or benefit that might influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between committee membership and the Endowment. Failure to disclose any material benefit shall be grounds for immediate removal from the Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Endowment's custodian(s), Investment Managers, or Consultant in the course of their services on behalf of the Endowment.

FEDERAL AND STATE LAWS REGARDING CORPORATE FOUNDATIONS

Updated 6/24/2019

The decision of where to incorporate a Foundation depends upon many factors including where the primary activities of the Foundation will be carried out. Many companies choose to incorporate the Foundation in the same state as the firm itself for continuity and familiarity with the laws. There are federal IRS regulations governing foundations, and each state might have slightly different regulations. The following link contains contact information compiled by the IRS for officials in each state: <https://www.irs.gov/charities-non-profits/state-nonprofit-incorporation-forms-and-information>.

The National Association of State Charity Officials (NASCO) is an association of state offices (attorneys general, secretaries of state and other offices) charged with oversight of charitable organizations and charitable solicitation in the United States. NASCO provides a forum for states to communicate and collaborate on matters of common interest related to charities' oversight and enforcement. NASCO has taken a leadership role in promoting uniform state charity registration and filing requirements, amicus briefs, and multistate lawsuits targeting fundraising deception. NASCO also has drafted jurisdictional guidelines for state regulation of charitable solicitation on the internet and worked with the Uniform Laws Commission in drafting the Model Protection of Charitable Assets Act. On their website you can find resources such as past actions, state, federal, national, and international information, online giving portals, guidebooks, publications, and a current developments page <https://www.nasconet.org/>.

Private Foundations, Filing Requirements

Source: IRS website, retrieved 6/25/2019 <https://www.irs.gov/charities-non-profits/charitable-organizations/private-foundations>

Every organization that qualifies for tax exemption as an organization described in section 501(c)(3) is a private foundation unless it falls into one of the categories specifically excluded from the definition of that term (referred to in section 509(a)). In addition, certain nonexempt

charitable trusts are also treated as private foundations. Organizations that fall into the excluded categories are institutions such as hospitals or universities and those that generally have broad public support or actively function in a supporting relationship to such organizations.

Even if an organization falls within one of the categories excluded from the definition of a private foundation, it will be presumed to be a private foundation, with some exceptions, unless it gives timely notice to the IRS that it is not a private foundation. If an organization is required to file the notice, it generally must do so within 27 months from the end of the month in which it was organized. Generally, organizations use Form 1023, Application for Recognition of Exemption, for this purpose.

All private foundations, including nonexempt trusts treated as private foundations, must annually file Form 990-PF, Return of Private Foundation. Forms 990-PF and 1023 (where applicable) are subject to public disclosure

There is an excise tax on the net investment income of most domestic private foundations. Certain foreign private foundations are also subject to a tax on gross investment income derived from United States sources. See the Form 990-PF instructions for more information. This tax must be reported on Form 990-PF, and must be paid annually at the time for filing that return or in quarterly estimated tax payments if the total tax for the year is \$500 or more.

In addition, there are several restrictions and requirements on private foundations, including:

1. restrictions on self-dealing between private foundations and their substantial contributors and other disqualified persons;
2. requirements that the foundation annually distribute income for charitable purposes;
3. limits on their holdings in private businesses;
4. provisions that investments must not jeopardize the carrying out of exempt purposes; and
5. provisions to assure that expenditures further exempt purposes.

Certain nonexempt trusts that have charitable interests as well as private interests may also

be subject to some of the private foundation tax provisions. These trusts must annually file Form 5227, Split-Interest Trust Information Return. See Form 5227 and Form 5227 instructions for more information.

Violations of these provisions give rise to taxes and penalties against the private foundation and, in some cases, its managers, its substantial contributors, and certain related persons. For more information, see Recent Developments Under Chapter 42 or Private Foundation Issues. See Control and Power for a discussion of how the section 4941 self-dealing rules apply to private foundation dealings with disqualified person financial institutions and their financial products and services.

A private foundation cannot be tax exempt, nor will contributions to it be deductible as charitable contributions unless its governing instrument contains special provisions in addition to those that apply to all organizations described in 501(c)(3). See Publication 557, Tax-Exempt Status for Your Organization, for examples of these provisions. In most cases, this requirement may be satisfied by reference to state law. The IRS has published a list of states with this type of law. See Revenue Ruling 75-38, 1975-1 C.B. 161.

PRIVATE FOUNDATION RULES

Source: Foundation Source - What Is a Private Foundation, retrieved 6/24/2019. <https://www.foundationsource.com/learn-about-foundations/what-is-a-private-foundation/>

Because private foundations are established for charitable purposes, they must comply with IRS rules to ensure that they are active, and their expenditures benefit the public. A private foundation is therefore required to make an annual distribution equal to roughly 5% of its prior year's average net investment assets. Distributions that count toward this requirement include grants to charities, certain related expenses, and, with the exception of investment expenses, necessary and reasonable administrative costs (including Foundation Source's annual fee).

In exchange for complying with these requirements, private foundation donors enjoy full

control over how the foundation's charitable assets are invested and granted (and pass this control to subsequent generations in perpetuity). They are also entitled to significant tax benefits.

A donor may be able to take advantage of three main tax benefits when he or she gives to a private foundation:

1. reduction of the donor's income tax for each year in which a contribution is made;
2. avoidance of capital gains taxes depending on the characteristics of property contributed; and
3. reduction or elimination of potential estate taxes.

Income Tax Savings

One of the more immediate tax benefits is that a donor will receive an income tax deduction for any amount he or she contributes to a private foundation up to 30% of the donor's adjusted gross income (AGI).

Capital Gains Tax Savings

In addition to a deduction for income taxes on gifts to a private foundation, donors may also be able to avoid paying capital gains taxes by donating highly appreciated assets to a private foundation. For example, if a donor were to give appreciated stock to a foundation, he or she would be entitled to receive an income tax deduction for the full, fair-market value of the stock. When the foundation decides to sell the stock in the future, it will pay only the nominal excise tax of 1% or 2% on the net capital gains.

Estate Tax Savings

When assets are contributed to a private foundation, they are excluded from the donor's estate and, as a result, are not subject to either federal or state estate taxes. For high-net-worth individuals who have a strong charitable interest, private foundations offer an opportunity to avoid paying estate taxes while simultaneously creating a lasting philanthropic legacy.

Chapter 2: Policies and Procedural Documents

Conflict of Interest/Commitment Management Process:

STEPS TO BE TAKEN

Q. If an actual conflict of interest is identified in connection with a foundation grant or contract, what steps should be taken?

A. Legal Team must be notified and the manager of the program area entering into the grant or contract will be responsible for managing the conflict, unless the program manager is the person with the potential conflict, in which case, that person's manager will be responsible.

- The following factors should be taken into account when considering a grant or contract with an organization with which a foundation employee or family member has an affiliation that creates a conflict of interest:
 - o whether the amount of foundation support to the entity is material to the entity;
 - o the nature of the relationship between the foundation employee or family member and the entity receiving the grant or contract, including whether the foundation employee or family member is a key officer of the entity receiving the grant or contract;
 - o whether the foundation employee or family member is closely identified with the entity as its primary spokesperson or leader;
 - o whether the foundation employee is affiliated with the entity at the request of the foundation;
 - o whether the foundation supported or contracted with the organization prior to the time the foundation employee joined the foundation;
 - o whether there is another entity that could accomplish the same purposes of the proposed grant or contract; and
 - o other relevant facts based on the particular situation.
- The Legal Team will assist the person responsible in determining the best course of action to manage the conflict situation and apprise the President for that person's program area as appropriate.

- If a decision is made to proceed with a grant to or enter into a contract with an organization where an actual conflict exists, the due diligence review process, must capture the conflict and document the steps that have been taken to address the conflict. Specifically:
 - o the nature of the conflict of interest should be detailed; and
 - o actions taken to resolve or address the conflict of interest should be described; and
 - o the program area grant or contract manager should be included in the due diligence resolution process, and he or she will involve appropriate legal resources.

GENERAL VOLUNTEER ACTIVITIES:

Q. I volunteer at an organization that might receive a grant from or enter into a contract with the foundation. Does this create a conflict of interest?

A. If you have decision-making authority at the foundation over the grant to or contract with the organization or if you are an officer or director of the potential grantee or third-party contractor, a conflict of interest may exist. If you do not have decision-making authority at the foundation over the grant or contract, a volunteer relationship (other than an officer or director's position) with one of the foundation's grantees or third-party contractors typically does not represent the kind of significant interest that presents a conflict.

- In any case, you should disclose your relationship with the other organization and any related facts to the foundation as required by our Conflict of Interest Policy and also follow the requirements of the other organization's Conflict of Interest Policy.
- If you have decision-making authority at the foundation over the grant or contract, you must recuse yourself from making decisions on behalf of the foundation with respect to the other organization and follow the procedures outlined in the foundation's Conflict of Interest Policy.

OFFICER/BOARD POSITIONS:

Q. I am (or a family member is) an officer/board member of an organization that has received, or might receive, a grant from the foundation. Is this a conflict of interest?

A. A potential conflict of interest arises if (i) you have decision-making authority at the foundation over whether a grant is made to an organization on whose board you serve (or a member of your family serves), (ii) you have (or a family member has) decision-making authority over how such funds are expended by the potential grantee and you manage the grant for the foundation, or

(iii) you receive (or a family member receives) compensation from the organization because of your position as an officer or director of the organization.

- You should disclose your position with the organization to the foundation as required by our Conflict of Interest Policy and also follow the requirements of the other organization's Conflict of Interest Policy.
- You should refrain from exercising decision-making authority with respect to the grant (both at the foundation and at the grantee) and also from assisting the grantee or potential grantee with preparing or submitting grant proposals to the foundation.
- In some cases where your family member is directly involved in managing the foundation's grant at the grantee organization, it also may be necessary to recuse yourself from managing the grant, even if someone else at the foundation approved the grant. If this is the case, please consult the Legal Team.

Q. I am on an advisory board or a nonvoting board member of an actual or potential foundation grantee. Do I have to refrain from making decisions regarding a grant from the foundation?

A. If the advisory board's recommendations are not binding on the grantee's board of directors or you do not actually have the right to vote on decisions made by the organization's board, then it is unlikely that your relationship with the grantee creates an actual conflict of interest.

- Nevertheless, you should be sensitive to whether there are any issues of appearance of conflict and not otherwise use your position to exercise undue influence (e.g., if the organization defers to you because you are its tie to substantial foundation grant funds). Your relationship with the other organization should be disclosed to the foundation and you should follow the requirements of the other organization's Conflict of Interest Policy.

Q. I have been asked to serve as a board member of a foundation-sponsored organization as part of the performance of my employment responsibilities. Is there a conflict of interest?

A. This situation presents one of the most challenging sets of conflicts issues for the foundation. A conflict of interest can exist even though you serve on the board of a foundation-sponsored organization as part of your employment responsibilities at the foundation.

- You should disclose your board position with the organization on the foundation's Conflicts Questionnaire as required by our Conflict of Interest Policy and also follow the requirements of the other organization's Conflict of Interest Policy.

- For the protection of the foundation employee, the foundation and the grantee, and as a matter of good corporate practice, board minutes should reflect a clear record of disclosure and explicit recusal (abstention from voting) by the foundation employee whenever matters on the agenda or under discussion present a conflict of interest between the other organization and the foundation.
- A foundation employee serving in this capacity should consciously think about his/her dual roles and which capacity he/she is acting when presented with decisions regarding foundation grants. As a foundation employee, you have certain duties to the foundation, including the obligation to refrain from disclosing, to a grantee or others, foundation confidential information learned in the course of your employment. As a board member, you owe fiduciary duties of care, loyalty and confidentiality to the grantee, which under law may supersede your duties to the foundation as an employee.
 - o The duty of care requires a director to act in accordance with the best interests of the organization on whose board the director serves, irrespective of other entities with which the director is affiliated, or to which the director owes his or her board appointment. This duty calls upon a director to be informed and to exercise independent judgment when participating in the board's decisions and its oversight of the organization and its management.
 - o The duty of loyalty primarily relates to conflicts of interest, corporate opportunity and confidentiality. The duty of loyalty requires that a director (i) be conscious of any potential conflicts of interest he or she may have, and (ii) act with candor and care in dealing with situations in which a conflict exists.
 - o Confidentiality obligations require that information learned in the course of serving as a director be held in confidence and that board members refrain from disclosing information they receive in this capacity to the foundation or to others without the consent of the organization. You should check with the grantee or contractor regarding its confidentiality policy, and, as appropriate, refrain from disclosing confidential information to the foundation or to others, without prior approval.
 - o It is important that these fiduciary duties be kept in mind even where you serve on the board of a foundation grantee primarily to ensure good stewardship of foundation grant funds and the accomplishment of foundation programmatic objectives.

- For example, if a foundation employee serving on the board of directors of a grantee becomes aware as a result of such position (versus through his/her role as a program officer) that the grantee is considering changing the manager of a project funded with foundation funds, it could be a breach of the individual's duties of loyalty and confidentiality to the grantee to inform the foundation of such change, without the grantee's prior consent.
- If it is not feasible for you to recuse yourself from participating as a board member of the grantee when decisions with respect to the foundation's grant to the organization are being made, you should document that your manager at the foundation has approved any final decisions with respect to the foundation's grant to the organization. The key is that you should not be in a decision-making position on both sides of the grant.
- Finally, the "safe harbors" under Federal tax laws that protect the foundation from being considered responsible for "tipping" a public charity include as a condition the requirement that the foundation not be "controlled directly or indirectly by the grantor." A grantee is "controlled" for purposes of these rules if by "aggregating votes or positions of authority, the foundation may require the grantee to perform any act which significantly affects its operations or may prevent the grantee from performing such act." Holding a minority of the grantee's board seats should typically not satisfy this test, however, where the foundation is the primary funder of the organization, sensitivity to this issue is important.

Q. I am on the board of an organization (which may include a for-profit company) that does not conduct business with the foundation. Do I need to disclose the relationship as a potential conflict?

A. The foundation's Conflict of Interest Policy requires that employees disclose all of their board affiliations, even if there is no current conflict of interest.

- It is important for the foundation to have this information as the foundation might engage with the organization in the future and we need a complete database to identify potential conflicts of interest as part of conducting due diligence.
- Note that time spent on board activity on behalf of for profit entities or otherwise not related to foundation business and our mission should be taken as personal, vacation days, and any travel and other related expenses should be paid for personally and not charged to the foundation.

FINANCIAL INTEREST:

Q. *I have (or a family member has) a financial interest, through ownership or investment, in an entity with which the foundation proposes to do business or to which it may make a grant. Does a conflict of interest exist?*

A. Holding a financial interest in an organization does not necessarily create a conflict of interest. It will depend upon the facts and your role as a foundation employee in selecting the entity for the proposed transaction.

- If the employee with the financial interest in the organization does not have a role in selecting or negotiating the terms of engagement or grant with the organization and an independent foundation manager determines that the transaction is fair, reasonable and in the best interests of the foundation, the foundation may proceed with the transaction in accordance with the steps outlined in Question 3 above. Potential appearance of conflict of interest issues should be taken into account in making this decision.
- In all cases, transactions with a for-profit organization in which a foundation employee has a financial interest will be scrutinized closely to ensure that no improper benefits will be derived by the employee as a result of the transaction.

Q. *I (or a family member) own OUR MAJOR INVESTOR/DEBT-HOLDER/ HOLDING COMPANY NAME stock. Does a conflict of interest exist and do I need to disclose the ownership?*

A. Holding a financial interest does not necessarily create a conflict of interest and there is no need to disclose this information.

EMPLOYEE MATCHING CONTRIBUTIONS:

Q. *I volunteer (or a family member volunteers) for a charitable organization. I make personal cash contributions to this organization and I would like to have my personal cash contributions matched under the foundation's Employee Matching Gift Program. Is this a conflict?*

A. If you are directing the foundation to make a grant of foundation funds to a charitable organization in which you are involved in management and/or decision-making activities, this situation technically could fall within the description of a conflict of interest. However, because a primary purpose of the foundation's Employee Matching Gift Program is to provide direct financial support to charitable organizations to which foundation employees personally make economic contributions, the Conflict of Interest Policy provides an express exception permitting this type

of grant to be made by the foundation.

Q. A family member works for a charitable organization and receives a salary for his or her services. May I make a personal cash contribution to the organization that will be matched under the foundation's Employee Matching Gift Program if that contribution might pay for my relative's salary?

A. You may contribute to the organization, but funds from the foundation's Employee Matching Gift Program may not be earmarked to pay the salary of your family member.

PARTICIPATION IN GRANTEE ORGANIZATION ACTIVITIES:

Q. I attend (or a family member attends) classes at a school that is a foundation grantee. Is this a conflict?

A. Probably not. Generally, it is not a conflict for a foundation employee or his or her family member to attend classes at a school that is a foundation grantee because this situation does not result in an overlap of decision-making authority or involve a financial interest that would present a conflict situation, provided that any indirect benefit to you or your family member is the same as for other students.

EMPLOYMENT SITUATIONS:

Q. A member of my family works for an actual or potential foundation grantee, or for an organization that might conduct business with the foundation. Should I disclose this relationship and is any other action required?

A. Yes, written disclosure should be made to both the foundation and the other organization. Additionally, you should refrain from exercising any decision-making authority over the grant to or contract with the organization.

Q. A family member would like to obtain a position working with a foundation grantee. I do not manage any grants to the grantee but have contacts with the organization. May I contact them about interviewing or hiring the family member?

A. The family member may pursue the opportunity with the organization based upon the merits of his or her individual qualifications. The foundation employee should not intercede by requesting a "favor" because of the expectation this may create for future preferential treatment to the grantee in return. For these reasons, discretion and special care should be exercised in these situations.

Q. My former employer is an actual or potential foundation grantee, or an organization with which the foundation conducts business. Do I need to disclose the relationship?

A. Because you have severed your relationship with your former employer, this is not the type of situation that generally gives rise to a conflict of interest. However, particularly if the former employment relationship is recent (within the last year), you should be sensitive to the appearance of a conflict of interest which could arise if it is perceived that the grantee received a grant (or was awarded a contract) because of your prior employment relationship, especially if there is any question as to whether the grantee is qualified or the best choice on the merits.

- Any obligations with respect to confidentiality that you owe to your former employer or that were agreed to in connection with your former employment will still continue to apply.
- In the due diligence review process, you should indicate whether the organization has a prior relationship with the foundation and whether you will be managing former colleagues in your role at the foundation. If that is the case, it may become necessary to recuse yourself from managing the contract or grant. Please contact the Legal Team to discuss whether that will be necessary.

SCHOLARSHIPS:

Q. A member of my family would like to apply for a scholarship through a program supported by a foundation grant. Is this permitted?

A. No, the foundation's Conflict of Interest Policy expressly prohibits employees or their family members from competing for foundation scholarships, fellowships or other similar awards.

HONORARIUMS:

Q. I have been offered an honorarium in connection with undertaking a speaking engagement on a topic that relates to the scope of my activities at the foundation. I understand that the foundation's Conflict of Interest Policy does not allow me to accept the honorarium.

May I direct the organization to pay the honorarium to a charity I select?

A. No, for tax and other policy reasons, it is the foundation's policy not to permit honorariums that cannot be accepted under its Conflict of Interest Policy to be directed to other recipients, including charitable organizations.

FRIENDSHIP SITUATIONS:

Q. My friend is on the board of a foundation grantee, or works for an actual or potential foundation grantee or third-party contractor. Is this a conflict?

A. This is not the type of situation that generally gives rise to a conflict. However, you should always be sensitive to the appearance of a conflict of interest which could arise if it is perceived that the grantee or contractor received a grant or was awarded a contract because of your relationship, especially if there is any question as to whether the grantee or contractor is qualified or the best choice on the merits.

POLITICAL ACTIVITIES:

Q. What type of political activities is an employee permitted to undertake on a personal basis?

A. Individual foundation employees are free to engage in the political process, as long as the activity is conducted on their own initiative, own time, and without the use of foundation funds and/or resources. You may contribute personal funds and time to a political campaign, but foundation funds and/or resources (e.g. foundation staff, telephones, cell phones, fax machines, copy machines, email systems, etc.) may not be donated to or used in connection with a political campaign. For example, if you receive an e-mail invitation at the foundation to contribute to a political campaign or attend a campaign related function you should delete the message and respond from a personal e-mail account. (We recognize that you cannot completely control what is sent to you at the foundation, but your response can be made without using foundation resources.) When you are speaking on behalf of the foundation at foundation-sponsored events or preparing foundation documents, avoid making comments in support of or in opposition to a political candidate that could be interpreted as statements made on behalf of the foundation.

- Before becoming involved in a political campaign, please check with the Legal Team and your manager to make sure that your role at the foundation or other foundation activities will not overlap in such a way as to create confusion or an appearance of impropriety.

GIFTS AND MEALS

Q. When conducting a site visit or other meeting with a grantee or foundation vendor/consultant, the grantee/vendor offers to buy me a meal, or to give me tickets to attend a local event (such as a concert performance). Is it ok for me to accept the meal or tickets?

A. The conflicts of interest policy is not intended to prohibit the ordinary business practice of taking a client to lunch or dinner, or to prohibit you from accepting items of nominal value (generally, items valued at \$100 or less) offered to you in the normal course of conducting foundation business. In all cases, however, you should only accept these offers if it is clear that the grantee or vendor is not trying to improperly influence you to award them a grant or a contract.

Q. A consultant gave me a food basket and a new cell phone (that is clearly worth more than \$100) for the holidays. The consultant gave similar gifts to all its clients. Can I keep the items?

A. Holiday baskets are common gifts from consultants and vendors. Therefore, it would be appropriate for you to keep the basket unless it was clear that it had a value in excess of \$100. In contrast, the cell phone should be given to the foundation, which will acknowledge the gift and determine the best use for the item.

Board Evaluation Process

DIRECTOR COMPETENCY MATRIX

Source: The Handbook of Board Governance: A comprehensive guide for public, private, and non-for-profit board members by Richard LeBlanc, Editor with John Fraser

The following is a sample director competency matrix. Note that the competencies are listed along the vertical axis, and directors (incumbent and prospective) are enumerated along the horizontal axis.

Code	Area of Competency	Incumbent Directors					Prospective Directors		
		I	2	3	4	5	I	2	3
Core Board Skills, Knowledge, Experiences, Education, Training									
LEA	Enterprise Leadership								
GOV	Governance/Board								
IDY	Industry/Sector								
STR	Strategic/Value Creation/Growth								
FIN	Financial								
Desired Skills, Knowledge, Experiences, Education, Training									
ACC	Accounting/Taxation/Audit								
ADV	Advocacy/Communications/Reputation								
CAP	Capital Allocation/Markets								
DIV	Diversity (e.g. gender, culture)								
GEO	Geography								
GVT	Government/ Public Sector Relations								
HR	HR/ Quality/ Performance/ Management Compensation								

INV	Investor Relations and Mindset								
IT	IT/Cyber/Privacy Management								
LEG	Legal/ Regulatory								
MKT	Marketing/ Sales								
OPE	Operational/ Organizational Activities								
RIS	Risk/ Controls/ Compliance Management								
SUS	Sustainability/ Climate/ CSR								

Board Diversity Matrix

Source: *The Handbook of Board Governance: A comprehensive guide for public, private, and non-for-profit board members* by Richard LeBlanc, Editor with John Fraser

The following is an example of a board diversity matrix with measurable objectives for age, gender, ethnicity, and geography

Please note: Under the GDPR, personal data can be considered to be protected. The material provided below does not constitute legal advice and is not intended to substitute for legal counsel. We recommend consulting your legal department on specific questions related to collecting personal data from board members.

Board Diversity Matrix (Sample)		Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Director 8	Director 9	Director 10	Director 11	Director 12	Director 13
AGE	30-39													
	40-49													
	50-59													
	60-29													
	70-79													
Male														
Female														
Self-reported Ethnicity														
Asia														
Canada														
European Union														
United States														

Corporation/Foundation Services Agreement

This AGREEMENT is made between **THE ACME CORPORATION INC.** (hereinafter "THE CORPORATION") and **THE ACME CORPORATION FOUNDATION** (hereinafter, "Foundation").

For and in consideration of the mutual premises and covenants hereinafter set forth, the parties hereto have agreed as follows:

Article I - THE ACME CORPORATION hereby agrees to furnish the Foundation the following services that are reasonable and necessary for the operation of the Foundation in pursuing its charitable purposes, but only to the extent that such services are considered "personal services" pursuant to Section 4941(d)(2)(E) of the Internal Revenue Code:

- donation related service including appropriate evaluation of and liaison and communication with potential and ongoing donees;
- services related to engagement with the communities in which the Foundation provides support;
- liaison and communication services with respect to service providers and other third parties;
- the services of an employee to serve as the Executive Director of the Foundation or a comparable role as well as support services for such employee;
- administrative services;
- accounting services;
- investment-related services; and
- such other services as may be agreed upon by the parties from time to time.

Article II - In consideration of the services to be performed by THE CORPORATION pursuant to Article I above, Foundation shall pay to THE CORPORATION a service fee on a cost basis calculated by multiplying the hours spent by each OF THE CORPORATION'S employees providing services to the Foundation with the hourly rate of each such employee. The hourly rate of an employee shall be calculated based upon the employee's base annual salary divided by fifty-two (52) weeks and by forty (40) hours per week.

Article III - Within thirty (30) days after the end of each calendar quarter, or such other time period as the parties may agree, THE CORPORATION will deliver to the Secretary of the

Foundation a listing of the employees, hours, and rates charged for the most recent quarter. Upon agreement by the Secretary of the amount and reasonableness of such charges, including that the compensation is not excessive, THE CORPORATION will issue an invoice to the Foundation for such charges. The Foundation shall pay such invoice within thirty (30) days.

Article IV - In its performance of services hereunder, THE CORPORATION will at all times act in the capacity of an independent contractor, and nothing herein contained empowers, or should be construed as empowering, THE CORPORATION to conclude any contract or other instrument, or any term thereof, on behalf of, or binding on, Foundation, unless expressly directed to do so by an officer or the trustees of the Foundation. Nothing in this Agreement shall constitute, or shall be construed as constituting, a partnership between THE CORPORATION and Foundation, or any subsidiary or affiliate thereof. Neither party hereto shall be, or shall represent to third parties that it shall be, bound by or be liable for any act or omission of the other, including, without limitation, any promise, warranty, representation, obligation, or debt incurred by the other party.

Article V - Except as otherwise provided in this Article V, this Agreement shall be effective as of the **1st day of October , 2015**, and shall continue in effect thereafter unless terminated by either party following thirty (30) days prior written notice to the other party of the intention to so terminate this Agreement.

Article VI - The failure of either party to enforce at any time the provisions hereof shall not be construed to be a waiver of such provision or the right thereafter to enforce each and every provision. No waiver by either party, express or implied, or any breach of any term, condition, or obligation of this Agreement shall be construed as a waiver of any subsequent breach of that term, condition, or obligation, or of any other term, condition, or obligation of this Agreement.

Article VII - This Agreement may not be assigned or transferred in whole or in part by either party without the prior written consent of the other party. No attempt to assign or transfer in violation of this provision shall be valid or binding upon either party.

Article VIII - This Agreement and the rights of the parties hereunder shall be governed by the laws of the Commonwealth of **UTOPIA**.

Article IX - All notices required or authorized by this Agreement shall be in writing and shall refer to this Agreement. All notices shall be effective upon delivery if delivered in person or upon mailing if mailed first class air-mail, postage prepaid, or by recognized overnight courier to the address of the other party.

Article X - This Agreement may be suspended by either party, without liability, in the event of an act of Nature, war, riot, fire, accident, or flood or compliance with governmental requests, laws, regulations, orders, or actions, which event makes impracticable the performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement.

Corporate Foundation Self-Dealing Policy

PURPOSE

This policy establishes guidelines and procedures to prevent self-dealing transactions between the Foundation and disqualified persons as defined by Section 4941 of the Internal Revenue Code. The policy aims to protect the Foundation's charitable mission and maintain compliance with federal regulations.

SCOPE

This policy applies to all Foundation trustees, officers, directors, employees, and their family members, as well as the corporate founder and related entities.

Definitions

DISQUALIFIED PERSONS

The following individuals and entities are considered disqualified persons:

1. Foundation managers (trustees, officers, directors, and individuals with similar responsibilities)
2. Substantial contributors to the Foundation
3. Family members of the above individuals (spouses, ancestors, children, grandchildren, great-grandchildren, and their spouses)
4. Corporations, partnerships, or trusts in which the above individuals own more than 35% of voting power, profits interest, or beneficial interest
5. The corporate founder and its subsidiaries

SELF-DEALING TRANSACTIONS

Prohibited transactions between the Foundation and disqualified persons include:

1. Sale, exchange, or lease of property
2. Lending of money or other extensions of credit
3. Furnishing of goods, services, or facilities
4. Payment of compensation or reimbursement of expenses to a disqualified person
5. Transfer or use of Foundation income or assets by or for the benefit of a disqualified person
6. Agreement to pay money or property to a government official

EXCEPTIONS

Certain transactions are permitted if they:

1. Provide no economic benefit to the disqualified person
2. Involve no charge for services necessary for carrying out the Foundation's exempt purposes
3. Constitute reasonable compensation for necessary services
4. Are available to the general public on equal terms
5. Involve government officials receiving prizes or awards

Procedures

DUE DILIGENCE

1. All proposed transactions must be reviewed by legal counsel to determine if they involve disqualified persons.
2. Foundation staff must maintain an updated list of disqualified persons.
3. Annual disclosure statements must be completed by all Foundation managers.
4. Proposed transactions with potential conflicts must be documented and presented to the Board.

REVIEW PROCESS

1. Legal counsel will review proposed transactions for compliance.
2. The Board must approve all transactions with disqualified persons that fall under permitted exceptions.
3. Documentation of the review and approval process must be maintained.
4. Regular audits will be conducted to ensure compliance.

DISCLOSURE REQUIREMENTS

1. Foundation managers must disclose:
 - o Business and family relationships with other disqualified persons
 - o Entities in which they have substantial ownership
 - o Potential conflicts of interest
 - o Any proposed transactions with the Foundation

VIOLATIONS AND REMEDIES

1. Any discovered violations must be reported immediately to the Board
2. The Foundation will take steps to correct violations, including:
 - o Unwinding prohibited transactions
 - o Seeking recovery of funds
 - o Implementing additional preventive measures
3. Self-reporting to the IRS must be done when required
4. Disciplinary action for Foundation managers who knowingly participate in self-dealing

ENFORCEMENT

1. The Board of Directors is responsible for enforcing this policy.
2. Regular training will be provided to Foundation managers.
3. Annual reviews will be conducted to ensure compliance.
4. External auditors will review compliance as part of annual audits.

DOCUMENTATION REQUIREMENTS

The Foundation shall maintain:

1. Records of all transactions with disqualified persons
2. Documentation of review and approval processes
3. Disclosure statements from Foundation managers
4. Minutes of Board meetings discussing potential self-dealing transactions
5. Legal opinions regarding proposed transactions
6. Annual compliance certifications

POLICY REVIEW

1. This policy will be reviewed annually by the Board.
2. Updates will be made as needed to reflect changes in law or best practices.
3. All changes must be approved by the Board of Directors.

CERTIFICATION

All Foundation managers must annually certify in writing that they:

1. have read and understand this policy

2. agree to comply with its terms
3. understand the Foundation's commitment to avoiding self-dealing, and
4. will disclose any potential violations.

CONTACT

Questions about this policy should be directed to:

- Foundation Legal Counsel
 - Board Compliance Committee
 - Foundation Executive Director
-

Adopted: [Date] Last Revised: [Date]

Charitable Contributions: Policies and Procedures

1. DOCUMENTATION REQUIREMENTS

- 1.1 THIS STANDARD PRACTICE PROVIDES GUIDELINES AND RESPONSIBILITIES FOR SELECTING ORGANIZATIONS AND CAUSES TO WHICH **ACME CORPORATION** AND **ACME CORPORATION FOUNDATION** MAY CONTRIBUTE, DETERMINING THE AMOUNT AND TYPE OF THE BUDGETING AND PAYMENT OF CHARITABLE CONTRIBUTIONS, AND PAYMENT OF CHARITABLE CONTRIBUTIONS.

2. SCOPE

- 2.1 **ACME CORPORATION, UNITED STATES AND THE ACME CORPORATION FOUNDATION (FOUNDATION)**

3. DEFINITIONS

- 3.1 NOT APPLICABLE.

4. SUMMARY

- 4.1 NOT APPLICABLE.

5. PROCEDURE

SELECTING DONEES AND DETERMINING AMOUNT AND TYPE OF CHARITABLE CONTRIBUTION

- 5.1 ORGANIZATION AND CAUSES TO WHICH CHARITABLE CONTRIBUTIONS MAY BE MADE

- 5.1.1 Because **ACME CORPORATION** and the **ACME CORPORATION Foundation** receive a large number of charitable contribution requests and cannot possibly meet all of them, careful selection of organizations, programs, and causes to support is essential. Caring for the communities where employees and neighbors live and work is a long-term commitment for **ACME CORPORATION**. Priority areas for support include education, health and human services, environment, sustainability and conservation, economic and community development, arts and culture and other worthy causes that meet the public purpose threshold established by the IRS. Final decisions regarding contributions by the Founda-

tion, and the criteria for making such decisions, is in the sole discretion of the Foundation's trustees.

Particular consideration will be given to:

- (1) **Support and enhance core Company business objectives**—support community and other eligible initiatives in the communities where we operate; reinforce a continued commitment to sustainability; support diversity and inclusion; and support our workforce through support to colleges and universities and education-related not for profit organizations.
- (2) **Address high-priority community needs**—demonstrate continued leadership and financial support of strategic and sustained community projects; support ongoing community needs and quality-of-life issues in host communities; demonstrate leadership in community issues important to the Company and social responsibility with respect to responding to emergency response events or circumstances that impact our employees, our assets, our customers, and our host communities.
- (3) **Support the interests of employees**—through the administration of a matching gifts program in the areas of **Higher Education, Arts and Culture, Environment, Sustainability and Conservation and United Way giving**, where employees can direct a portion of the company's overall charitable giving. The company and the **ACME CORPORATION Foundation** also support charitable organizations that address specific high-priority community needs where our employees are actively engaged as volunteers and the respective organization's activities are consistent with the interests of the Company and the Foundation, as applicable.

5.2 **ACME CORPORATION** and the **Foundation** will not make charitable contributions to:

5.1.2 Sectarian or denominational organizations or their sponsored activities or programs since employees, stockholders, and customers represent all religious and ethnic groups. Affiliation with such organizations is a personal matter:

Exceptions may be made only where the organization is a 501(c)(3) organization or its equivalent pursuant to IRS rules, and that organization is seeking funds in the direct interest of the entire community or if the service is offered and readily available on an unrestricted, nonsectarian and non-discriminatory basis.

5.2.2 Non-religious 501(c)(3) organizations that are known to discriminate on the basis of any characteristic protected by Federal law or that have a policy of discrimination on the basis of sexual orientation or gender identity.

- 5.2.3 Political parties, public office holders, political committees, 527 organizations, independent expenditure committees, political candidates and ballot initiatives.
- 5.2.4 Individuals or families directly (persons should be referred to the proper health and/or welfare agencies handling such matters).
- 5.2.5 Fraternal or labor organizations.
- 5.2.6 Organizations whose prime function is entertainment for profit.
- 5.2.7 Organizations that are not tax-exempt under section 501(c)(3) of the Internal Revenue Code or its equivalent as defined by IRS rules.
- 5.2.8 Foreign organizations or other organizations that intend to use the funds outside the United States unless the Tax Department approves the charitable contribution. The contribution to a foreign organization may only be made by the local **ACME CORPORATION** foreign entity or through United Way Worldwide or other eligible organizations.
- 5.2.9 Private Foundations as designated under section 501(c)(3) of the Internal Revenue Code.
- 5.3 Organizations and Causes to Which Charitable Contributions May Not Be Made by the Foundation

To ensure the continued status of the Foundation as a tax-exempt private foundation, it may not make the following types of contributions.

- 5.3.1 Contributions to other private foundations or individuals, to organizations that are not tax-exempt under section 501(c)(3) of the Internal Revenue Code or the equivalent under IRS rules.
- 5.3.2 Contributions to carry on propaganda or otherwise attempt to influence legislation whether through an attempt to affect the opinion of the general public or any segment thereof or through communication with any member or employee of a legislative body or with any government official.
- 5.3.3 Contributions to influence the outcome of a public election or to carry on a voter registration drive.
- 5.3.4 Direct or indirect furnishing of goods, services or facilities to **ACME CORPORATION**, any of its owned subsidiaries, partnerships, joint ventures or other business enterprises, employees of the company, the trustees of the Foundation, officers and staff of the Foundation or members of an officer's, staff member's, employee's or trustee's family (collectively, "disqualified persons").

5.3.5 Direct or indirect payment to **ACME CORPORATION** or another disqualified person for the furnishing of goods, services or facilities, including reimbursement of expenses except as approved by the Tax Department.

5.3.6 Direct or indirect transfers to, or use by or for the benefit of, **ACME CORPORATION** or another disqualified person of the income or assets of the Foundation. Such transfers include:

- Purchase of fundraising tickets or artwork that are ultimately used by **ACME CORPORATION** or another disqualified person.
- Grants that satisfy an obligation of the company or another disqualified person.
- Grants to colleges, universities or other educational organizations if **ACME CORPORATION** or another disqualified person will receive preferential treatment in recruiting graduates of such organizations or if employees of **ACME CORPORATION** or other disqualified persons will receive preferential treatment in competing for admission to such organizations.

Such expenditures do not include those that produce only an incidental and tenuous benefit for the company or other disqualified person such as the public recognition of such person's charitable activities or promotion of the well-being of an area in which the company or other disqualified person is located.

5.4 Evaluating Donation Requests and Determining Amount of Charitable Contribution
Because **ACME CORPORATION** and the Foundation cannot meet all requests for donations, careful selection of programs, activities, and organizations is essential. The following are some questions that should be considered when evaluating a donation request and in determining the level of support:

5.4.1 Does the program, activity, or organization address itself to an important community or business need? How many people does the organization impact?

5.4.2 Are the services that the organization provides available to any person regardless of race, religion, ethnicity, sexual orientation or gender?

5.4.3 Is the soliciting organization effectively and efficiently managed? How is the organization measuring and recording its results and does the organization have a proven track record?

5.4.4 Is the organization financially stable? Does the organization have an outstanding

community reputation?

5.4.5 Are other companies, foundations and trusts supporting the specific request for funds and the organization in general? How does the request to **ACME CORPORATION** compare to other funding received and requested?

5.4.6 What amount is reasonable for the company or the Foundation to contribute given the above considerations?

5.5 Types of Charitable Contributions

5.5.1 Annual Support or Multiyear Grants

Annual support can come in the form of specific program support, an unrestricted operating grant, a challenge grant, or a sponsorship of a specific program or event.

Multiyear grants are promises to give that obligate **ACME CORPORATION** or the Foundation for a period beyond the current fiscal year (commitment over more than one year).

Multiyear grants should be structured to be conditional upon the realization or occurrence of a future, uncertain event related to the purpose of the donation whose occurrence or failure to occur releases the company or the Foundation from its obligation to transfer assets or gives the company or the Foundation a right of return of the asset it has transferred.

All recipients of multiyear grants must wait at least one year after the completion of the grant period before another multiyear grant request will be considered. In the case of the **ACME CORPORATION Foundation**, the Trustees of the Foundation may waive this requirement if the proposed multiyear request is consistent with Foundation objectives and is determined to be a priority of the Foundation.

5.5.2 Charitable Contributions of Capital Assets by **ACME CORPORATION**

A capital asset, for purposes of this standard practice, is any asset with an original unit cost over \$250 and a useful life greater than one year.

The types of organizations and causes to which **ACME CORPORATION** may donate capital assets are the same as those for cash charitable contributions.

5.5.3 Capital Donations to Colleges and Universities

Corporate Relations and the Investment Recovery Manager must be notified of all proposed capital donations pertaining to colleges and universities before any commitment is made. They shall not be contributed unless approval has been received from the Invest-

ment Recovery Manager, University Relations and Corporate Relations. Corporate Relations will inform University Relations of any planned donation to a college or university.

- All other capital donations

The Investment Recovery Manager and Corporate Relations must be notified of all other proposed capital donations before any commitment is made. They shall not be contributed unless approval has been received from the Investment Recovery Manager, the asset owner with Capital Transaction Authority whose responsibility is to approve the sale and execute the bill of sale and Corporate Relations.

The circumstances surrounding each proposed donation will be reviewed by the Investment Recovery Manager and Corporate Relations, and advice/assistance will be provided when necessary to ensure that donation of the capital asset(s) is in the best interest of the company.

Field location managers shall adhere to the guidelines stated in this standard practice with regard to the organizations and causes to which the company may contribute when making a donation of capital assets.

5.5.4 Administrative Expenses

- Administrative expenses that **are not** charitable contributions and cannot be paid utilizing Foundation dollars. Administrative expenses that can be paid utilizing Foundation dollars include:
 - o Expenses such as consultants used for activities including benchmarking studies, expenses related to administering the grantmaking process including the company's matching gifts program, expenses related to the administration of the Foundation program, expenses related to performing audits of the Foundation's activities and expenses related to the evaluation and administration of the Foundation's mission, goals and objectives.

5.6 Preparation of the Company's Annual Consolidated Charitable Contributions Budget (Foundation and Corporate)

- 5.6.1 Corporate Relations will prepare a consolidated (Foundation and Corporate) budget annually. In addition to Grant Recipients, this budget will include financial support for all Matching Gifts and an Uncommitted Reserve. The uncommitted reserve is budgeted each year to pay for proposed and allowable charitable contributions for organizations and causes not specifically identified in the approved annual charitable contributions budget

but arise during the applicable fiscal year. These are grant requests that come up related to unforeseen events and circumstances. The budget shall also set aside funds for allowable crisis and emergency response and disaster recovery, field support and other purposes the Foundation Trustees deem appropriate. Annually, Corporate Relations shall solicit proposals for funding consistent with directives of the Foundation's Trustees. These proposals will be thoroughly evaluated and those selected will be placed into a proposed budget for Trustees' consideration and approval on or before the beginning of the new fiscal year.

5.6.2 Annually, the Corporate Relations staff will work with the U.S. regional general managers and other senior business area managers or their designated senior staff to determine appropriate field budgets for ACME CORPORATION Foundation funding. The General Managers or their designees shall work with the Corporate Relations staff to establish a budget for Foundation charitable grants. Budgets for Foundation giving are provided to Corporate Relations for review on an annual basis and once reviewed, they are integrated into the overall company's consolidated giving budget for presentation to the Trustees. Finally, decisions on specific grant requests from the Foundation will be made by the Corporate Relations group using the guidance provided by the Foundation's Trustees.

5.6.3 General Managers and others in the company's business units and operating facilities may determine that it is also appropriate for their businesses to incur costs related to their charitable giving. In these cases, operating facilities and business units should consider preparing a budget for their own corporate charitable giving. The budget for charitable giving should be consistent with the general provisions of this broad policy. The budget should list those charities and not-for-profit causes that the business unit or operating unit is willing to support. The budget should also allow for an uncommitted reserve to enable funding of requests that are not budgeted for, subject to appropriate management approval levels and Delegations of Authority. The amount of each facility's or business unit's budget should be determined by that operating facility or business unit in accordance with the budgeting and spending procedures of that operating or business unit. This may require General Manager Approval or approval of the senior business manager so designated.

5.6.4 University Relations will prepare a detailed annual budget of proposed operating grants to colleges, universities, and education-related nonprofits with which the company has recruitment, research, or other appropriate education-related relationships and will

forward this budget to Corporate Relations by August 1st of each fiscal year for inclusion in the annual consolidated charitable contributions budget review process conducted by Corporate Relations, University Relations and the Trustees. Annually and on an ongoing basis, University Relations shall assess its educational institution relationships in collaboration with the Company's business leaders to establish priorities for University Relations giving from the Foundation. Those priorities will be reflected annually in the Foundation budgeting process.

5.7 Completion and Approval of Budgets

5.7.1 Annually, the Consolidated Giving Budget for headquarters and select operating plants and business units will be submitted to the Foundation's Board of Trustees for review and approval. The budget will include the details on all proposed grants, broken down by category. Review and approval are encouraged to be completed by October 1 of each fiscal year. Trustees may extend this period as appropriate. In January of each year, Corporate Relations will submit its annual report from the previous fiscal year to the Board's Corporate Governance and Nominating Committee for review. Included in the Corporate Relations report is a summary of the prior year's consolidated charitable giving budget and other information the Trustees deem appropriate.

5.7.2 Facilities and business units should follow their individual and company internal procedures for budgeting and making corporate charitable expenditures.

5.8 Payment of Charitable Contributions

5.8.1 University Relations may initiate operating grants to colleges and universities that have been specifically identified in the approved annual charitable contributions budget of the company or the Foundation.

5.8.2 Corporate Relations will initiate all other charitable contributions specifically identified in the approved annual consolidated charitable contributions budget of the company and the Foundation.

5.8.3 Corporate Relations and University Relations will initiate all charitable contributions from the uncommitted reserve category of the company's and Foundation's approved annual consolidated charitable contributions budget in accordance with guidance provided by the Trustees.

5.8.4 Managers of facilities may initiate charitable contributions to organizations and causes that have been included in their facility's approved annual operating budget.

5.8.5 Company charitable contributions shall be made only after review and approval. Company charitable contributions shall be charged to the operating expense account for "Charitable Contributions" (e.g., #12345 for ACME CORPORATION, USA).

5.8.6 Foundation grants may be processed via a contracted third-party vendor under established guidelines and procedures approved by Corporate Treasury.

5.9 Substantiation of Charitable Contributions

The charitable nature of contributions shall be substantiated by obtaining evidence of the donee's tax exemption under Section 501(c)(3) of the Internal Revenue Code and, in the case of charitable contributions made by the Foundation, evidence of the donee's classification as a public charity, school district, municipality or organization which is approved under IRS rules as fulfilling a "public purpose." Corporate Relations and its designated vendor, if retained, shall obtain and maintain confirmation of all charitable contributions covered by the annual charitable contributions budget of the company and the Foundation in accordance with the requirements of the company's record retention system.

All charitable contributions in excess of \$250.00, which are made by the Foundation or company, must be acknowledged in writing by the donee. The acknowledgment shall state:

5.9.1 The amount of the cash donated and a description of any other property contributed.

5.9.2 Whether the donee provided any goods or services for the charitable contribution.

5.9.3 If any goods or services were provided, a good faith estimate of the value.

The written acknowledgment must be received before the time the corporate tax return is filed for the fiscal year in which the charitable contribution was made (usually June 15 of the succeeding year).

All grant proposals or grant distribution documentation and donational acknowledgments shall be retained for at least three years by Corporate Relations and University Relations. All bank reconciliations and bank statements shall be kept for a period of twelve years. Operating facility and business unit managers are responsible for maintaining a record of their own charitable giving.

6. RESPONSIBILITIES

6.1 Corporate Relations, in consultation with University Relations and the Tax Depart-

ment, is responsible for proposing the annual consolidated corporate/Foundation charitable contributions budget to the Board of Trustees of the Foundation. Corporate Relations and University Relations have the authority to make expenditures approved by the Trustees in the consolidated budget. Corporate Relations and University Relations staff have authority to approve grants that are \$25,000 or less. Any expenditure, not specifically listed in the approved budget that is over \$25,000 and up to \$50,000 requires approval by the Foundation Chair. Expenditures not specifically listed in the approved budget that are over \$50,000 require approval by the Foundation Trustees. Any variance from the approved budget must be approved by the Foundation's Trustees if the variance would cause the grant amounts for a specific category of grant to exceed the amount budgeted for such category for the year by more than five percent.

- 6.2 The board of trustees of the Foundation is responsible for reviewing and approving the Consolidated Charitable Giving Budget for each fiscal year. The trustees also have oversight responsibility for the investment and custody of Foundation funds and are responsible for approving the Foundation's policy for the investment of excess cash.
- 6.3 The Human Resources Department and University Relations specifically are responsible for administering the corporate and Foundation charitable contributions programs that relate to colleges and universities and related not-for-profit organizations in accordance with this standard practice.
- 6.4 The Corporate Secretary's Office is responsible for ensuring that the Corporate Governance and Nominating Committee of the ACME CORPORATION board annually reviews the Corporate Relations report, which includes a summary of the charitable giving budget along with a description of key charitable giving activities.
- 6.5 The Surplus Equipment Group is responsible for maintaining a donation file of all noncash contributions made through the Surplus Equipment Group by the corporation during the fiscal year. This information is required to be shared annually with the Tax Department and Corporate Relations.
- 6.6 The Tax Department is responsible for making final determinations on the qualification of any proposed contributions under the tax laws, to review other payments by the Foundation to ensure avoidance of self-dealing or taxable expenditure excise taxes, and to ensure that no actions are undertaken that might jeopardize the tax-exempt status of the Foundation.

7. RELATED INFORMATION

Authorizing Requests for Payment

Matching Gift Program

Investment Recovery – Disposal of Surplus Property

Chapter 3: Grants Administration

GIFTS VS. GRANTS

A gift is the voluntary, non-reciprocal transfer of money or property from a donor to an institution. The donor may be an individual, a corporation or a nonprofit organization. The donor does not expect anything of value in return other than recognition and does not have control over expenditure. A gift may meet the interests of the donor and can be restricted or unrestricted. A restricted gift is a contribution designated for a specific purpose, program or project. If the donor does not specify any restrictions, the gift is unrestricted and the institution allocates the funds at its own discretion.

A grant is the transfer of money or property from a sponsor to an institution that may require performance of specific duties such as research, budget reports, progress reports, and return of unused funds. Any funding provided by U.S. government agencies, at the federal, state, or local level, is typically treated as a grant. Government funds are not treated as gifts. Funding from voluntary health organizations or associations, such as the American Cancer Society or American Heart Association, is usually treated as a grant and not a gift.

GIFT vs. GRANT: TABLE OF INDICATORS

Factor	Gift Indicator	Grant Indicator
Source	Individuals Nonprofit Organizations Corporations Corporate Foundations Other Organizations, such as donor-advised Funds Family or individual foundations are generally treated as individuals	Government Agencies Nonprofit Organizations Corporations Corporate Foundations

Purpose	Donor may specify areas of interest, but not operational milestones	The sponsor specifies how the funds should be used, as outlined in supporting documentation (award letter or grant agreement)
Value Exchange	No implicit or explicit value is exchanged	No implicit or explicit value is exchanged other than recognition and/or reporting.
Documentation	Letter of donation/gift agreement	Award letter, grant agreement outlining conditions and operational milestones
Time Frames	Payment schedule may be outlined, no time period/limitation associated with gift other than whether current-use or endowed	Typically specifies a time frame
Excess Funds	n/a	May be required to return to grantmaker
Penalties	n/a	Penalties may exist for failing to achieve milestones or expend funds
Overhead costs	None	Typically negotiated (universities set by federal prime agencies.)

Grant Reporting Policy—Levels of Reporting

Grantmaker Reporting Requirements Policy

PURPOSE

This policy establishes standardized reporting requirements across different grant sizes and durations. It ensures appropriate oversight and impact measurement while recognizing the varying complexity and resource requirements for different grant categories. The policy balances accountability with practical resource constraints for both grantmakers and grantees.

POLICY OVERVIEW

Reporting requirements are structured in five tiers based on grant size and duration. These tiers reflect the increasing complexity of program evaluation and the need for more comprehensive impact assessment at higher funding levels. We recommend that grants under \$50,000 have very limited reporting requirements. The cost of collecting, protecting, and analyzing data may otherwise represent a disproportionate allocation of the project expenses.

REPORTING TIERS

TIER 1: GRANTS UNDER \$50,000

Suggested metrics:

- Final financial report showing total expense
- Brief narrative report on project completion
- Basic output metrics

Submission schedule:

- Mid-term progress update (if grant period exceeds 12 months)
- Final report within 60 days of project completion

TIER 2: GRANTS \$50,000 TO \$99,999

Suggested metrics:

- Summary and categorical financial reports
- Comprehensive narrative reports
- Activity or output/outcome metrics
- Participant demographic information if agreed ahead of time

Submission Schedule:

- Annual progress or final reports

TIER 3: GRANTS \$100,000 TO \$999,999

Suggested metrics:

- Detailed financial reports with categorical variance analysis (what was proposed/what was spent)
- Comprehensive narrative reports
- Pre-agreed performance metrics that may include:
 - o Rigorous outcome evaluation data
 - o Detailed demographic analysis
 - o Program implementation documentation
 - o Risk assessment and mitigation reports
 - o External stakeholder feedback

Submission schedule:

- Annual detailed impact report

TIER 4: GRANTS \$1,000,000 AND ABOVE

Suggested metrics:

- Detailed financial reports with categorical variance analysis (what was proposed/what was spent)
- Comprehensive narrative reports with strategic analysis

If agreed in advance:

- Advanced impact metrics with field comparison
- Independent third-party evaluation
- Detailed demographic and community impact analysis
- Program implementation and scaling documentation
- Risk management framework
- Knowledge sharing deliverables
- Media and communications report

Submission schedule:

- Annual report / independent evaluation if agreed
- Final impact evaluation
- Three-year post-grant assessment

IMPLEMENTATION GUIDELINES

I. Application Process

- o Clear communication of tier requirements during application
- o Assessment of grantee capacity to meet reporting requirements
- o Technical assistance planning for higher tiers
- o Early identification of evaluation needs

2. Capacity-Building Support

- o Evaluation capacity assessment for Tiers 3-5
- o Technical assistance funding for Tiers 3-5
- o Data collection and analysis training
- o Reporting system orientation
- o Evaluation framework development support

3. Quality Assurance

- o Tier-specific quality standards
- o Regular reporting requirement reviews
- o Data quality assessment protocols
- o Independent verification for higher tiers
- o Continuous improvement feedback loop

FLEXIBILITY CONSIDERATIONS

I. Cross-Tier Adaptations

- o Consideration of grantee size and capacity
- o Geographic and contextual factors
- o Program type and complexity
- o Previous grant performance

2. Resource Allocation

- o Technical assistance funding
- o Evaluation support
- o Capacity-building grants
- o Technology infrastructure support

REVIEW AND UPDATES

This policy will be reviewed annually to ensure:

- Effectiveness of tier structure
- Appropriateness of reporting requirements
- Resource allocation efficiency
- Technology integration opportunities
- Grantee feedback incorporation
- Industry best-practice alignment

EXCEPTIONS

Exceptions may be granted for:

1. Pilot programs requiring enhanced evaluation
2. Grants with external funding requirements
3. Research-focused initiatives
4. Emergency response grants
5. Special-interest projects
6. Capacity-building initiatives

All exceptions require grants committee's approval and documentation.

EFFECTIVE DATE AND REVIEW CYCLE

This policy takes effect [Insert Date] and will be reviewed annually each [Insert Month].

Updates will be communicated to all stakeholders with appropriate notice for implementation.

GIVING MECHANISMS: A COMPARISON

The following resources compile information from the United States Internal Revenue Service, Charity Navigator, Guidestar, and the Council on Foundations. Each of those sources provides information that can be helpful to those seeking to make charitable contributions.

(Published by the Boston College Center for Corporate Citizenship (2018))

Does my company need a foundation?

One of the most frequently asked questions about corporate giving fielded by the Boston College Center for Corporate Citizenship is “Does my company need to establish (or maintain) a corporate foundation?” The answer depends on many factors. Maintaining a foundation requires considerable administrative commitment and may represent an additional expense that may not be necessary for your program objectives. It is very possible that ACME CO can achieve its giving objectives without a foundation unless you are in a highly regulated industry or you intend to make grants to individuals (through scholarships or other aid programs).

Companies give cash most often from one or more of the following three vehicles: from a corporate budget line, through a corporate foundation, or through a supporting organization’s donor-advised fund (DAF), such as those run at community foundations. We have compiled an at-a-glance comparison that outlines the relative capabilities and limitations of each vehicle. This guide is for general information purposes only, and does not constitute legal or tax advice. Excellent concise guidance on specific giving scenarios can be found at [IRS.gov](https://www.irs.gov). You should consult your firm’s general counsel for information and advice specific to your firm.

	Corporate Giving Program	Corporate Foundation	Donor-Advised Fund
Hire staff	Yes.	Yes. A foundation may hire staff to implement its philanthropic strategy.	No. A DAF does not have staff.
Make institutional pledges	Yes. A corporate giving program can make multi-year commitments with the appropriate executive endorsement.	Yes. A foundation itself may make pledges. The foundation may not fulfill personal pledges made by officers of the foundation or executives of the company.	No. A DAF may not be used to fulfill pledges.
Create grant agreements	Yes. A corporation may enter into agreements with grantees when making conditional grants, major gifts, grants that involve naming rights, complex assets, or multi-year programs.	Yes. A foundation may enter into agreements with grantees when making conditional grants, major gifts, grants that involve naming rights, complex assets, or multiyear programs.	No. The corporate donor may not hold the grantee accountable in any way, except to withhold future recommendations to the DAF.
Convert to another type of charitable vehicle	Yes. A corporation can elect to give to a donor-advised fund, or to establish a foundation at any time. It may operate through all three types of vehicles for a variety of reasons and purposes.	Yes. A foundation may be converted to a DAF.	No. Contributions to a DAF are irrevocable, owned and held by the sponsoring organization.

Meet federal minimum distribution requirement	No. There are no minimum requirements in the United States for charitable giving among corporations. Such regulations do exist or are under development in other nations including India and South Africa.	Yes. The IRS requires private foundations to meet an annual 5% minimum distribution requirement based on the previous year's net assets. Allowable expenditures include grants and qualified expenses.	No. There is typically no minimum distribution requirement for a DAF. However, the sponsoring organization may enforce a minimum distribution requirement on DAFs under its control if it has not reached its annual institutional distribution target.
Make gifts to individuals and families facing hardships or emergencies	Yes, though this may be a taxable expenditure. The gift/grant recipient may be subject to tax also.	Yes. A foundation may make grants to individuals under certain conditions.	No. Corporate donors may not recommend that grants be made to individuals.
Give to international organizations	Depends. Several countries have tax treaties with the United States that allow gifts to be made and charitable deductions to be taken as long as income is earned in those countries. In other cases, you may need to seek a foundation or supporting organization to help distribute funds internationally and in compliance with the law.	Yes. A foundation can make grants to overseas charities and nongovernmental organizations that serve a clear charitable purpose as long as they are compliant with federal laws and regulations governing international giving.	Not directly. Usually corporate donors can recommend grants only to U.S.-based public charities, to international organizations that have U.S.-based affiliates, or to domestic charities that will accept responsibility for regulatory compliance regarding expenditure reporting for an international grant recipient, generally for a fee.

	Corporate Giving Program	Corporate Foundation	Donor-advised fund
Engage in Program-Related Investments (PRIs)	Depending on the investment activity, the PRI may be considered a taxable expenditure.	Yes. A foundation may engage in a variety of innovative ways to fund organizations, including loans, loan guarantees, and equity investments. PRIs earn returns for the foundation and are recycled back into the giving pool, so they do not drain assets like traditional grants.	No. A DAF offers a single mechanism for giving: grantmaking.
Make gifts to for-profit businesses and tax-exempt organizations that are not 501(c)(3) entities, including associations or labor organizations	Typically as a taxable expenditure.	Yes. A foundation may make these gifts to these entities provided they are for charitable purposes.	No. A corporate donor may engage in such activities privately, but may not use DAF funds to support them.
Run programs	Yes. Though depending on the activity, this may be considered a taxable expenditure.	Yes. A foundation may run its own programs and pay for related expenses (supplies, salary, rent, etc.), provided these activities fall within the IRS guidelines for allowable activities.	No. A DAF may not run programs.

File state and federal tax returns	As part of the firm's regular filings, expenditures qualified as charitable would be reported.	Yes. The foundation is required to file an annual IRS Form 990-PF and comply with other state and federal filing requirements.	A donor-advised fund (DAF) itself does not file federal or state tax returns; instead, the sponsoring organization, which is a public charity, is responsible for these filings. The sponsoring organization must file an annual tax return with the IRS, typically Form 990, and report its DAF activities on Schedule D (Form 990), with state-level filings also required based on state regulations.
Appoint a board of directors or trustees	No. The corporate giving program typically reports to the CEO or his/her designee. Some companies engage employees through a corporate giving council.	Yes. Once the foundation is established as a legal entity, the donor company must appoint a board of directors and establish operating rules and procedures.	No. A DAF is not an independent legal entity, so it cannot have a board of directors or trustees.
Pay expenses associated with grant making	Typically as taxable expenditures.	Yes. All reasonable and necessary expenses associated with the charitable purpose of the foundation, including startup, board meetings, administration, site visits, legal counsel, etc., may be paid by the foundation. These expenses count toward the minimum distribution requirement imposed by the IRS.	No. No expenses may be paid through a DAF.

	Corporate Giving Program	Corporate Foundation	Donor-advised fund
Manage the grant-making process	Yes. A corporation can establish its own procedures for soliciting, receiving, reviewing, approving, and following up on grant proposals, issuing reporting requirements, and monitoring reports as part of its relationship with grantees.	Yes. A foundation can establish its own procedures for soliciting, receiving, reviewing, approving, and following up on grant proposals, issuing reporting requirements, and monitoring reports as part of its formal relationship with grantees.	No. Corporate donors are advisors to the DAF, not grant-makers. Companies may independently track grantee progress, but they do not have a direct financial relationship with them.
Control payments	Yes. The corporation can decide when and how to remit funds.	Yes. The foundation can decide when and how to remit funds.	No. The corporate donor is not an agent of the DAF and does not control how grants are paid. Grant checks and transmittal letters are issued directly by the sponsoring organization. The DAF name and donor may be acknowledged on these documents at the request of the donor during the grant recommendation process.
Vet grantees	If the corporation intends to classify the grant as a charitable contribution, it must ensure that grantees are eligible to receive grants under all applicable laws and regulations.	Yes. A foundation must ensure that grantees are eligible to receive grants under all applicable laws and regulations.	Yes. The sponsoring organization verifies that grant recipients are eligible to receive grants under all applicable laws and regulations.

Setting your course and picking your partners

Once you've determined how you will operate your community involvement program, the really hard work begins. Selecting and managing partners will occupy a lot of your effort, whether you are making corporate grants or organizing volunteer activities for your employees. Some factors to consider when evaluating partners:

1. Why is your company uniquely positioned to support the mission of your nonprofit partner?

Answering this question is an important first step to making sure your corporate giving will yield the greatest possible social and business value for your firm—and your philanthropic partners. Research shows that firms that direct their corporate giving programs to issues that have a logical connection to their business strategy are viewed as more credible by stakeholders.

Strategic connection can be derived from a market opportunity, an operating context issue, from the interests of employees, or from a disaster or other event that affects people or places important to your business.

2. What should your company give?

This question is not only about how much you should give, but also about the vehicle for the gift. In addition to cash, ACME CO might contribute experience, expertise and knowledge, or products to address an environmental or social issue. Employees or suppliers can also contribute by giving time, money, or other business-related resources, such as access to networks.

3. What is the focus of the company's giving?

These questions can help clarify the focus:

- What is the issue you seek to address? For example, it might involve addressing environmental concerns, STEM education, or supporting arts and culture.

- Where will the action be directed? At home or abroad? Globally, regionally, or within a country or community?
- Who will it help? A particular age group, such as children, young people, or the elderly? A gender? Certain populations, for example, rural, immigrant, or ethnic?
- Why is addressing this issue important to your business?
- How will you address the issue? How broad a set of resources should be dedicated? Should the resources be purely monetary or include time, networks, and experience? How much will you give? Will your firm act alone or as part of a network of broader resources?

Many companies are trending toward fewer and larger grants because it is easier to measure impact through one large effort rather than many small transactions. Having a specific goal makes it easier to concentrate on achievable outcomes and measure progress along the way. Being specific about the duration of your commitment and your intended outcomes will help to make clear to your partners and others what their accountability to the company is likely to be in terms of impact assessment.

4. Which tactics should you pursue?

A common mistake is to identify the strategic issue to be addressed without weighing the relative merits of the tactics that can be employed to address it. It is important to clarify the problem and potential solutions:

- **Identify the goal and objectives:** What is the overall goal and what are the specific objectives that will indicate progress towards the goal?
- **Identify possible activities:** What are the different ways your goals can be achieved? Where is ACME CO best positioned to contribute? Are you able to actually measure impact or are you able only to measure outputs? What are you resourced to do? What are the capabilities of your partners?
- **Choose a course of action:** Given the answers to all of the questions above, which option makes most sense to pursue?
- **Map out a logical model:** How will your actions lead to results? For more on measurement, consider taking the Center's course on measurement.
- **Measure performance against plan:** Are you meeting your objectives?

In defining the strategy, the company should also account for what others are doing. This will ensure you are either amplifying existing efforts or addressing unmet needs rather than duplicating efforts.

Evaluating social impact can measure different types of results: outputs, for example, the number of pantry backpacks that are provided to children in school; outcomes, such as an increase in the number of children in a particular community who are well-nourished; and impact, for example better school performance as a result of better nutrition and attendance.

5. How to identify nonprofit partners

Connect through the mission

There are many criteria to assess the potential fit of a partner or project. Consider whether potential nonprofit partners are a good fit for your company's culture and your expectations:

- **Vision alignment:** Does the nonprofit share your company's focus? Do you share a vision for how the issue to be solved can be addressed most effectively? Are they a good brand and culture fit? Does their team gloss over difficult questions or answer your concerns fully?
- **Capacity to deliver:** Do they have a track record of delivering similar projects? Do they have the financial, human, and technical capacity to achieve the project goal? Does the management team seem capable and effective? What do other funders have to say about working with them?

Examine the nonprofit partner's financial health

- **Program expenses:** Much has been written about the appropriate measure and proportion of nonprofit operating expenses. For a long time, the standard to which nonprofit partners were held was the cost-per-dollar-raised measure. While this may be a good measure for federated campaigns and other pass-through charitable organizations, there are many instances where higher operating expenses are reasonable and necessary. To assess whether the operating expenses of a potential partner are reasonable: Use your

judgment. Refer to sector practice. Ask questions of grantees about how they conduct their businesses. Ask to speak with other donors. Read the 990.

Evaluation of U.S.-based nonprofits

If you are evaluating a U.S. charity, you can determine the percentage going to programs by looking at the 990 Part IX Statement of Functional Expenses. Find Line 25 (total functional expenses). Divide column B (program services) by column A (total expenses) then multiply by 100. The resulting figure is the percentage that organization is spending directly on their programs and services. For a more detailed breakdown of the program expenses, review the “Statement of Program Service Accomplishments” located on page 2, Part III. Many organizations also file a Schedule O to provide additional detail on program activity. Read Schedule O, if filed.

- **Growth of revenue and program expenses:** Determine if the charity you are considering supporting is expanding or shrinking. You can quickly do this by looking at the 990 and comparing page 1, line 12 (total revenue) of the current year with the prior year. (Check prior 990 filings to track three or more prior years). Do the same with the total expenses—page 1, line 18. If there is a large growth or decline, it is worth having a conversation with the leadership of the organization to find out why and how they see the future of the organization and its funding.
- **Fundraising:** You will get a sense of overall resources allocated to fundraising by looking at lines 16a (amount spent on professional fundraising firms) and 16b (overall fundraising expense) on the first page of the 990. If a nonprofit uses a fundraising firm to secure its gift revenue, then it is possible that a significant amount of the nonprofit’s resources will go to that for-profit fundraising firm and not to the charitable programs/services that you intend your donation to fund. In addition to reviewing the numbers on the first page of the 990, you can get a better sense of how much effort and money the organization is devoting to fundraising by reviewing Schedules G and O (which are required to be filed if the organization has paid more than \$15,000 for certain services related to fundraising). These schedules offer more detailed breakdowns. If the charity is spending a lot on outside fundraising firms with little going toward its charitable mission, then you may want to look for another charity to support.

- **Fundraising costs allocated to program costs:**
 - o Joint costs, reported in the 990 Part IX, line 26, refer to activities that combine educational campaigns with fundraising. Joint costs can disguise a charity's true fundraising costs and inflate its programs. You can see the amount of joint costs in a nonprofit's program expenses by dividing line 26, column B by line 25, column B (total program expenses).
- **Types of support:** Take a look at Part VIII lines 1a through 1g (on page 9, "Statement of Revenue") to learn about the nonprofit's funding sources. Some rely heavily on membership dues (line 1b), or government support (line 1e) while others survive almost solely on individual contributions and fundraisers (line 1f; 1c) or program service revenue (line 2g). Being too dependent on one form of revenue can bring instability to the organization. For example, if an organization experiences a drop in government funding and it has not developed a robust individual giving program or other sources of revenue (Part VIII, lines 3–11), it may become unstable.

Check for evidence of commitment to accountability and transparency

- **Website:** The best charities are transparent and accountable to the public. You should be able to see evidence of this in the information they provide on their website. Can you readily find information about the charity's staff and board of directors? Did the charity publish its financial information such as its most recently filed Form 990 or audit? This information should be able to be found in a variety of places on the internet.
- **Read the news:** Check the charity's recent media coverage to see if the charity has been involved in any questionable practices.
- **Form 990:** In addition to reviewing the financial information disclosed on the 990, look at 990 Parts IV, V, and VI to see if the charity is committed to best management practice. For example, does it have a conflict of interest and conflict of commitment policies and management processes? Are they complying with the independent audit requirement? Are all of their required filings up to date? Are executive officers borrowing from the organization?

Investigate results

Learn about a nonprofit's accomplishments, goals, and challenges by reviewing its website

and talking with staff and others in the field. Beyond the number of activities or people served, you should be able to learn about the quality and depth of the organization's results as well as their capacity to continue to get these results. Some dimensions to consider:

- **Alignment of mission, solicitations, and resource allocation:** Does the organization actually do those things that it tells you about in its solicitations? In a full 990, on page 2, Part III: Statement of Program Service Accomplishments, charities report their largest programs, and the funding allocated to them. You should determine if the funding allocation reported here seems properly aligned with what the charity says they do.
- **Clear logic for achieving results:** Does the nonprofit clearly explain the problem it intends to address and how it will do so? Does the organization's statement of how their work leads to results seem plausible and reasonable to you? Do they show any evidence that demonstrates that their approach is effective? Do they tell you which data will indicate that their program is working, and have a plan for collecting those data?
- **Information from external validators:** Has the charity's approach been reviewed or written about by an objective third party? Do they conduct evaluations and make them publicly available?

International Giving

To help you overcome any potential barriers, here are a variety of different options to consider if your Foundation wants to give grants internationally:

- Foreign charities recognized as 501(c)3 public charities
- U.S.-based nonprofit organizations with established international programs
- “Friends of” organizations (Friends of Armenian Cultural Treasures, Doctors Without Borders)
- International intermediaries (Global Fund for Children)
- Grants to foreign organizations not recognized by the IRS
- Expenditure Responsibility
- Equivalency Determination

EQUIVALENCY DETERMINATION

Equivalency determination (ED) is a process by which a U.S. grantmaker evaluates whether an intended foreign grantee is the equivalent of a U.S. public charity. The grantmaker must collect a set of detailed information about the grantee's operations and finances and make a reasonable determination of its equivalency.

An organization is deemed equivalent to a U.S. public charity if it is organized, operated, and funded like a U.S. public charity. Organizations may be required to meet certain minimum public support requirements, known as the public support test.

IRS GUIDELINES FOR EQUIVALENCY

Revenue Procedure 2017-53 (selected highlights)

- “Incubating” or new foreign charities. Confirms that a foreign grantee in its first five years of existence may be treated as publicly supported if the preferred written advice determines that, as of the time of the determination, the grantee can reasonably be expected to meet the applicable public support test.
- Must attach public support schedule. If the grantee has been existence for more than five years and is publicly-supported within the meaning of Section 170(b)(1)(A)(vi) or 509(a)(2),

preferred written advice should attach support schedules. Hospitals. Rev. Proc. 2017-53 confirms that a hospital FPCE grantee need not comply with Section 501(r), extensive requirements on domestic hospitals imposed in 2010. Preferred written advice need not address this point.

- Schools. Preferred written advice regarding a school FPCE grantee must confirm that the grantee does not discriminate on the basis of race, color, or national or ethnic origin, both by policy and in practice. The grantee may fulfill the first part of this requirement via a policy in its governing documents or adopted by its governing body. While the procedures of Rev. Proc. 75-50 need not be followed, this remains an avenue by which a grantee may demonstrate that it actually operates in a racially nondiscriminatory manner.
- Terrorism. Preferred written advice should verify that the grantee has not been designated a terrorist organization by the U.S. government. While not required for preferred written advice, the private foundation should also confirm that the grantee and certain related individuals are not foreign persons whose property and interests are blocked pursuant to Executive Order or OFAC regulations.
- English. Preferred written advice from a qualified tax practitioner for this purpose, along with all attachments, must be in English.

Grantee Tax Status Definitions

Use this list to identify the types of organizations (U.S. tax status) requesting gifts from the Foundation, whether they are U.S.-based or international. Source: The Gates Foundation, retrieved 6/24/2019 <https://www.gatesfoundation.org/How-We-Work/General-Information/Tax-Status-Definitions>

509(a)(1) Public Charity: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a publicly supported organization under section 509(a)(1). This information can be found on Schedule A of your organization's IRS Form 990 which can be found at www.guidestar.org.

509(a)(2) Public Charity: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a publicly supported organization under section 509(a)(2).

Public Charity Equivalent: Based on a foreign public charity equivalency affidavit and supporting documentation you provided, the foundation has made a good-faith determination that your organization is equivalent to an organization exempt from federal income tax under section 501(c)(3) and is publicly supported within the meaning of section 509(a)(1) or (a)(2).

Section 509(a) Private Foundation: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a private foundation (non-operating) under section 509(a).

Section 4942(j)(3) Private Operating Foundation: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a private operating foundation under sections 4942(j)(3) and 509(a) because it devotes most of its resources to the active conduct of its exempt activities (as opposed to simply making grants).

Section 4940(d)(2) Exempt Operating Foundation: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as an exempt operating foundation within the meaning of section 4940(d)(2).

Type 1 Supporting Organization: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a Type 1 supporting organization within the meaning of section 509(a)(3). This information can be found on Schedule A of your organization's IRS Form 990 which can be found at www.guidestar.org.

Type 2 Supporting Organization: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a Type 2 supporting organization within the meaning of section 509(a)(3). This information can be found on Schedule A of your organization's IRS Form 990 which can be found at www.guidestar.org.

Functionally Integrated Type 3 Supporting Organization: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under section 501(c)(3). The organization is further defined as a functionally integrated Type 3 supporting organization within the meaning of section 509(a)(3). This information can be found on Schedule A of your organization's IRS Form 990 which can be found at www.guidestar.org.

U.S. Governmental Unit: Your organization is a state, a possession of the United States, or a political subdivision (e.g., a local government), agency or instrumentality of the foregoing, or the United States federal government, or the District of Columbia.

Foreign Government: Your organization is a political subdivision, agency or instrumentality of a foreign national, state or local government (e.g., foreign public university or foreign ministry of health or education).

Indian Tribal Government: Your organization is an Indian tribal government treated as a state under section 7871 and listed in United States Internal Revenue Service Revenue Procedure 2002-64, as amended or revised, as a recognized tribal government.

International Executive Order Organization: Your organization is designated as a public international organization entitled to certain privileges, exemptions, and immunities under the International Organizations Immunities Act, 22 U.S.C. § 288.

Nonexempt Organization – C Corporation: Your organization is classified as a C Corporation not exempt from federal income tax under section 501(c)(3) operating within or outside the United States.

Nonexempt Organization – S Corporation: Your organization is classified as an S Corporation not exempt from federal income tax under section 501(c)(3) operating within or outside the United States.

Nonexempt Organization – Partnership: Your organization is classified as a partnership not exempt from federal income tax under section 501(c)(3) operating within or outside the United States.

Nonexempt Organization – Limited Liability Company: Your organization is classified as a limited liability company not exempt from federal income tax under section 501(c)(3) operating within or outside the United States.

Nonexempt Organization – Trust/Estate: Your organization is classified as a trust or estate not exempt from federal income tax under section 501(c)(3) operating within or outside the United States.

Nonexempt Organization – Other: Your organization is not exempt from federal income tax under section 501(c)(3) operating within or outside the United States.

501(c)(4) Social Welfare Organization: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under a subsection of section 501(c) other than section 501(c)(3).

501(c)(6) Business League: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under a subsection of section 501(c) other than section 501(c)(3).

501(c)(7) Social Club: Your organization has a determination letter from the United States Internal Revenue Service that designates the organization as exempt from federal income tax under a subsection of section 501(c) other than section 501(c)(3).

Sample Grant Application Guide

1. To begin the grant application process, thoroughly review the foundation's initiatives. In addition to providing an overview of our grantmaking priorities, each initiative, as well as each region, includes detailed "For Grant Seekers" information; this is the most current guide to the type of work and organizations we fund.
2. We also urge you to read this entire document. Our grant-review process is thorough and comprehensive, and the information below will help you better understand our approach to grantmaking.
3. Once you have completed both of these steps, you are ready to submit an online grant inquiry.

HOW WE MAKE GRANTS

The **ACME CO Foundation** is committed to achieving lasting change that transforms people's lives. Through our grantmaking, we support innovative thinkers, leaders and organizations that are working to reduce poverty and injustice and to promote democratic values, free expression and human achievement. When making grants, we think about long-term strategies, knowing that lasting social change requires decades of effort. And because our mission is broad and our resources are limited, we carefully target our support so it can be used most effectively and leverage the greatest amount of impact. To that end, program teams working on each of our initiatives consult with practitioners, researchers, policymakers, current and potential grantees, and others to identify areas where the foundation's resources are needed most. The teams then pinpoint specific approaches grantees might undertake—program exploration, advocacy, litigation or capacity building, to name just a few—to help achieve the social change we have identified. (See our grantmaking approaches for a full list.) The teams also determine key benchmarks for progress and the amount of funding to be dedicated to each approach. After the approaches, benchmarks and budget are set, the team begins to make grants within the agreed-upon parameters. When making grants, the team looks for new ideas and effective organizations that can help advance the work of a particular initiative, as well as for evidence that the people and organizations are likely to succeed in their project. Program teams regularly provide reports to the foundation's board of trustees about progress made on each initiative.

WHAT WE DON'T FUND

As described above, we take varied approaches to our work, but there are a number of areas frequently inquired about that we do not support. We do not award undergraduate scholarships or make grants for personal needs or business assistance. We also do not fund health care, vehicle purchases, student loan repayment or inventions. Except for limited grantmaking to local institutions located near the foundation's **CITY headquarters and regional offices**, we also do not generally support after-school programs, athletic leagues, orphanages or elder care.

APPLYING FOR A GRANT

You may apply for a grant by visiting the grants section of our website and submitting an online grant inquiry. You will be asked to indicate the region where your work will be pursued. If your work benefits more than one geographic area outside of the United States, you should apply for a global grant, which covers multiple regions. You will also be asked to provide basic information:

- Contact information for yourself and your organization
- A brief description of your organization
- A list of those who would carry out the project
- A description of the purpose of the project and the issues/problems it is intended to address
- An estimated project budget and time frame

The foundation supports equal opportunity in its grantmaking and in its internal policies. When evaluating grant proposals, we consider the opportunities that prospective grantee organizations provide for women and other disadvantaged groups.

We do not have submission deadlines. Applications are considered throughout the year.

WHAT HAPPENS NEXT

Every inquiry receives an automatic acknowledgment reply. If your submission falls within our general issue areas, your inquiry will be numbered and a confirmation letter will be emailed to you. Each numbered inquiry is reviewed by the relevant program team. If your

proposed work aligns with the foundation's priorities and budget limitations, a program officer will contact you to begin the process of developing a formal proposal.

As you develop a formal proposal, you will meet several times with the program officer to discuss the scope and budget of your proposed project. Then you will submit your formal proposal, and the foundation will do an administrative and legal review; it takes about three months from the time a formal proposal is submitted for a potential grant to be fully reviewed.

Please bear in mind that our funds are limited in relation to the large number of worthwhile inquiries we receive. In a typical year, less than 1 percent of inquiries made to the **ACME CO Foundation** result in a grant.

GRANT FUNDS MUST BE USED SOLELY FOR CHARITABLE PURPOSES

The activities we support through grants and program-related investments must be charitable, educational or scientific as defined under the appropriate provisions of the U.S. Internal Revenue Code and Treasury Regulations.

As we pursue the foundation's goals, we take all reasonable measures to fulfill our responsibilities as a tax-exempt charitable organization. We want to make sure that our funds are used for their intended charitable purposes and do not support any activities that violate the U.S. tax code or anti-terrorism laws. Because we appreciate the important work that our grantees do around the world, some in extremely difficult environments, we strive to fulfill our oversight responsibilities without creating undue burdens for them or being overly intrusive.

HOW WE MONITOR GRANTS

To ensure the appropriate use of our grant funds and compliance with the U.S. tax code and U.S. anti-terrorism laws, the foundation has extensive procedures for making and monitoring all grants.

These include the following:

1. A Pre-Grant Review. All potential grantee organizations and their programs are assessed by a program officer who discusses the proposed work with the prospective grantee and determines the organization's capacity to undertake it.
2. A Legal Review. All proposed grants and written submissions by the prospective grantee undergo a legal review.
3. Compliance with U.S. Anti-Terrorism Financing Rules. Under applicable law, the foundation checks all prospective grantees against available lists of terrorist groups. These checks also take place throughout the life of all grants.
4. A Countersigned Grantee Letter. This letter establishes a range of grant conditions. Every grantee is required to sign it.
5. One or More Site Visits. A program officer will visit the grantee during the term of the grant.
6. Financial and Narrative Reports. During the grant term, grantees are required to submit reports that are reviewed by a program officer and a grants administrator for compliance with the term of the grant.

If you believe that your organization is a good match with one of our funding priorities, and can meet all our requirements, please proceed to the grant inquiry form.

Sample Draft Grantmaking Guidelines

The proposed budget is up to **\$1,250,000** for the entire set of programs. The funding will be available for one project per organization, and is to be allocated for the following purposes:

- Project Implementation: Day-to-day management of projects as described in the Program Application attached hereto as Exhibit A and incorporated herein by reference (the "Program Application").
- Operation and Administrative costs: Staff salaries, utilities, rent, supply expenses, and other expenses as described in the attached Program Application. Operation and administrative costs are not to exceed 40% of the total funding request. NOTE: Organizations should not depend on funds strictly to pay salaries and fringe benefits.

The funding will be allocated in the following percentages:

6. Education	40%
7. Environment	30%
8. Health	20%
9. Arts & Culture	10%

The maximum grant to be awarded to each program is **\$100,000**. Any request greater than this amount will be returned to the organization for further review and possible resubmittal.

Multiyear awards of up to **\$200,000** over **five years** will be considered in order to build grantee capacity. In the instances where multiyear funding is requested, the grant amounts will be made in progressively reduced amounts so that the grantee can build other sources of support for the project or program.

On a case-by-case basis, if a proposal requires further clarification the Committee may request a one time resubmittal of the proposal from the organization. All resubmittals must be turned in within five business days.

FUNDING PRIORITIES

ACME CO takes its corporate citizenship commitments seriously. The company makes

contributions to nonprofit organizations that serve our communities through the following focus areas:

- **Education** – Community leadership and vocational training such as language and technical training as well as other professional development programs, extracurricular, cocurricular, and after-school programs for disadvantaged youth.
- **Environment** – Education, restoration, agricultural science, and advocacy programs.
- **Health & Social Services** – Direct health services such as screenings as well as educational programs relating to preventative care, nutrition, education, addiction prevention, addiction treatment, alcohol responsibility, and advocacy work.
- **Arts & Culture** – Direct services such as exhibitions, and performances as well as educational programs and events that promote awareness and local involvement in the arts.
- Research and policy projects focused more broadly on issues that affect our industry and region will be considered. Topics include, but are not limited to, sustainable agriculture, alcohol responsibility, economic development, etc. Special consideration is given to projects related to alcohol responsibility and diversity.
- The committee will occasionally consider proposals outside of our regular guidelines. Such invitations are considered by invitation only.

The primary geographic focus of **ACME CO** philanthropy is in its headquarters arena of **greater CITY**. Giving in this region is organized in parallel with the Strategic Development priorities that can be found here: WWW.SOURCEMATERIAL.COM

Proposals are considered from organizations that serve communities around the world where **ACME CO** employees live and work. In our operations outside of greater **HEADQUARTERS**, **ACME CO** is committed to supporting organizations that strengthen community infrastructure. The company invests in communities in which we have significant operations with the goal of building capacity that creates long-term improvement of community conditions and an improved operating environment for **ACME CO**. We value coalition-building efforts and partnerships that support the sustainable business goals of the company and community development goals.

GRANT CRITERIA

In order to qualify for funding consideration organizations and their proposed programs should meet the following conditions:

Organizations should be located in communities in which the company has significant operations as defined in the previous section. On occasion, the company will consider inviting proposals that do not meet these criteria. These proposals are considered by invitation only.

The organization should run programs or provide services in one or more of the following areas: **Education, Environment, Health & Human Services, Policy & Research with special consideration given to projects related to product responsibility and diversity, or Arts and Culture.** If the program does not focus on one or more of these areas, it will not meet eligibility guidelines.

Our objective is to work within community development goals to improve the personal, social, and economic health of our communities of operation and to improve the operating context of **ACME CO.** The organizations and programs in which we invest should be catalysts for change that make our communities of operation more sustainable, healthy and economically vibrant.

Proposals that address community development goals and that can provide a sound basis of measurement towards those goals will receive preferential consideration. (For example, if your organization proposes to support education, how many students will you serve? What will be the positive effect on student persistence and degree attainment? Over what time period?)

Except by special invitation, the maximum grant to be awarded to each program is **\$50,000** annually though it should be noted that grants of this size are rare. Any single-year request for an amount greater than this amount without a prior invitation to submit from the committee will be returned to the organization for further review and possible resubmittal.

Multiyear awards of up to \$200,000 over five years will be considered in order to build

grantee capacity. In the instances where multiyear funding is requested, the grant amounts will be made in progressively reduced amounts so that the grantee can build other sources of support for the project or program.

The committee meets in January, April, July, and October each year. Proposals must be received by the first day of the preceding month in order to be considered in the next cycle (November 1 and May 1).

Submission Deadline	Review Meeting
December 1	January 15
March 1	April 15
June 1	July 15
September 1	October 15

On a case-by-case basis, if a proposal requires further clarification, the **ACME CO** giving committee may request a one-time resubmittal of the proposal from the organization. All resubmittals must be turned in within five business days.

Before the Committee receives applications, the applications will be screened for completeness by the representative of the Committee. Only completed applications will be forwarded to the Committee.

GRANT ELIGIBILITY

In order to apply for a grant, an organization must meet the following criteria:

- The organization, or the fiscal sponsor, must be tax-exempt under Section 501(c) (3) of the Internal Revenue Code and operated exclusively for charitable, scientific or educational purposes;
- The organization must provide charitable, scientific, advocacy, or educational services in one or more of the following areas: **Education, Environment, Health & Social Services, Policy & Research with special consideration given to projects related to product responsibility and diversity, or Arts and Culture;**
- The applicant organization must disclose whether it employs any individual who is related to any employee of **ACME CO**, or any affiliate or subsidiary of the **ACME CO**; and/or any

governmental agency with responsibility for decisions affecting the business interests of **ACME CO.**

The following organizations are specifically excluded from receiving grants:

- Political, Sectarian, Fraternal, Professional, Veteran, and Religious (other than accredited educational institutions or organizations that provide services to the community regardless of religion).
- Political or lobbying organizations or those supporting the candidacy of a particular individual.
- Third parties seeking donations on behalf of nonprofit organizations. The donation must be made directly to a nonprofit rather than, for example, to the business partner making a request on behalf of a nonprofit organization.
- Individuals, public schools (K–12) or group tours.
- Athletic teams or leagues.

Past grantees that have failed to provide charitable contributions acknowledgement forms or other required documentation.

ANTIDISCRIMINATION POLICY

At **ACME CO Inc.**, we run several domestic CSR programs (**Community grantmaking, product donations, volunteerism, Dollars for Doers and matching donations**) to which the following statement applies:

ACME CO does not provide support to organizations that discriminate based on race, color, ancestry, religion, sex, gender identity, age, marital/civil union status, national origin, genetic information, sexual orientation, place of birth, veteran status, disability or other personal characteristic protected by local, state or federal law. If an organization discriminates based on any of the listed characteristics it is ineligible to receive support from **ACME CO**.

Grant Application Process

LETTER OF INTENT

Requests are reviewed on a quarterly basis so it is important to submit your request a minimum of 6 months in advance of an activity. You will receive a written response when a decision on your request is made.

If your organization chooses to submit a proposal to **ACME CO**, you should send a brief letter

of introduction, on your organization's letterhead, and a description of your organization/project to **ACME CO** at the following address. Letter should include a contact name and phone number:

ACME CO Corporation

ADDRESS

PROJECT INFORMATION

Please be sure to include information on the following main elements:

1. Name and mission of your organization
2. Executive summary of your proposal (not to exceed two pages of single-spaced 10 point type) that includes the following:
 - a. Brief summary of organization history, including date your organization was established
 - b. Brief description of project/program for which you are requesting funds
 - i. Population or community served by this project/program.
 - ii. Impact goals of the project and measures of success (Beneficial outcomes to be achieved, date, number of participants, socioeconomic attributes of beneficiaries, and any other relevant information
 - iii. How your request fits **ACME CO's** funding priorities
 - c. Grant amount being requested
 - d. Proposed grant timeframe (beginning and ending dates)
3. A list of your organization's officers, directors, and board members.
4. A copy of your IRS certification granting 501 (c) (3) tax-exempt status.
5. W-9—Request for Taxpayer Identification Number and Certification
6. A list of **ACME CO** employees who currently serve on your board or actively volunteer for your organization
7. A list names of corporations and foundations from which you are requesting funds, with dollar amounts, indicating which sources are committed or pending
8. Your organization's relationship with other organizations working with similar interests.
What is your organization's role relative to these organizations?

FINANCIAL & OPERATING DATA

1. Audited financial statement from most recently completed year, showing actual expenses.

This information should include balance sheet, a statement of activities (or statement of income and expenses), functional expenses and the most recent Form 990 tax return.

2. Organization budget for current year, including income and expenses.
3. Company's nondiscrimination policies, whether based on race, color, religion, sexual orientation, gender identity, national origin, age or disability
4. Detailed project budget including income and expenses (if not a general operating proposal).
5. Amount of money organization raises that goes to provide services versus the % that goes for administrative costs
6. List of additional funders

GRANT EVALUATION GUIDELINES

Recommendation for funding is based on the following:

- All applicants must be nonprofit, charitable organizations tax-exempt under section 501 c (3) of the Internal Revenue Code.
- Organizations must have recent audited financials confirming that they are conforming to generally accepted accounting principles (GAAP).
- Organizations must not discriminate on the basis of ethnicity, race, religious creed, national origin, disability, sexual orientation, marital status, age or gender.

Proposal Summary. The Committee gives preferential consideration to applications that have provided enough detail so as to not require clarification. The application should include in its summary the reason the organization is requesting a grant, outcomes expected and use of funds. The committee, in its discretion, may request additional information or clarification and may request a meeting with applicants in advance of consideration of the applications.

Narrative. The Narrative section is comprised of the following areas:

A. Background.

1. The applying organization should provide a concise description of its history and mission.
2. An introduction to the problem being addressed and the people impacted by this problem must be included.

3. The list of current achievements and staff summaries should indicate that the organization has the experience, expertise and staff to undertake the project.
4. Experience working with other groups demonstrates a spirit of collaboration and serves as an indicator that the organization is taking a comprehensive approach to the problem and is confident in its capacity to work alongside groups with more resources.

B. Project Description.

1. Further clarify the problem introduced in the Background section.
2. The applying organization should provide facts and statistics that evidence the problem and their proposed solution.
3. The application should detail the population it plans to serve and how this population will benefit from the project.
4. The application should include clearly outlined goals and indicate the activities the organization will take to accomplish these goals.
5. Even if funding is for one year, the organization should define the anticipated length of the project.
6. The project should support the organization's overall mission.

C. Project Impact.

The organization should provide measures that can be used to assess progress against goals. Numbers of participants, their socioeconomic profiles, and outcome measures such as educational attainment, persistence, etc., are extremely important in the assessment of requests for multi-year grants especially.

D. Project Evaluation.

The organization should detail how it plans to measure the number of unique/unduplicated recipients of their services.

E. Funding.

The Committee gives preferential consideration to projects that allocate no more than 25% to operating and administrative expenses. The majority of funds should support direct services to the community. Additionally, the organization should address in the budget narrative solid plans for continued funding in the years beyond this funding request.

F. Acknowledgement

Organizations receiving a grant from ACME CO must acknowledge and confirm such support (in writing) in communications that typically recognize donors (e.g., annual reports, newsletters and websites).

GRANT APPLICATION EVALUATION SYSTEM

Instruction: Use this form to evaluate the attached application. Use your professional judgment to assess the quality and extent to which the applicant has provided information to satisfy each application criterion. Please use the comments section to make specific comments regarding your scoring decisions in each area.

Organization and Fiscal Sponsor Name (if applicable):
Project Name:
Contact Person:

Item	Area	Points	Notes
1	Proposal Summary	20	
2	Narrative – Background	15	
3	Narrative – Project Description	30	
4	Narrative – Evaluation	20	
5	Funding Request	10	
6	Attachments	5	

Comments:

Item 1. Proposal Summary. The Committee should look for applications that have provided enough detail so as to not require clarification. The application should include in its summary the reason the agency is requesting a grant, outcomes expected and use of funds. The committee, in its discretion, may request additional information or clarification and may request a meeting with applicants in advance of consideration of the applications.

Items 2, 3 and 4. Narrative. The Narrative section is comprised of the following areas:

A. Background.

1. The applying organization should provide a concise description of its history and mission.
2. An introduction to the problem being addressed and the people impacted by this problem must be included.
3. The list of current achievements and staff summaries should indicate that the organization has the experience, expertise and staff to undertake the project.
4. Experience working with other groups demonstrates a spirit of collaboration and serve as an indicator that the organization is taking a comprehensive approach to the problem and is confident in its capacity to work alongside groups with more resources.

B. Project Description. This is the most important section

1. The Evaluation Committee should look for applications that further clarify the problem introduced in the Background section;
2. The applying organization should provide facts and statistics that evidence the problem and its a priority in the community;

3. The application should also detail the population it plans to serve and how this population will benefit from the project;
4. The application should include clearly outlined goals and indicate the activities the organization will take to accomplish these goals;
5. Although funding is for one year, the organization should also define the anticipated length of the project;
6. The project should support the organization's overall mission.
7. The project description should provide evidence that the organization has competence to undertake the project.

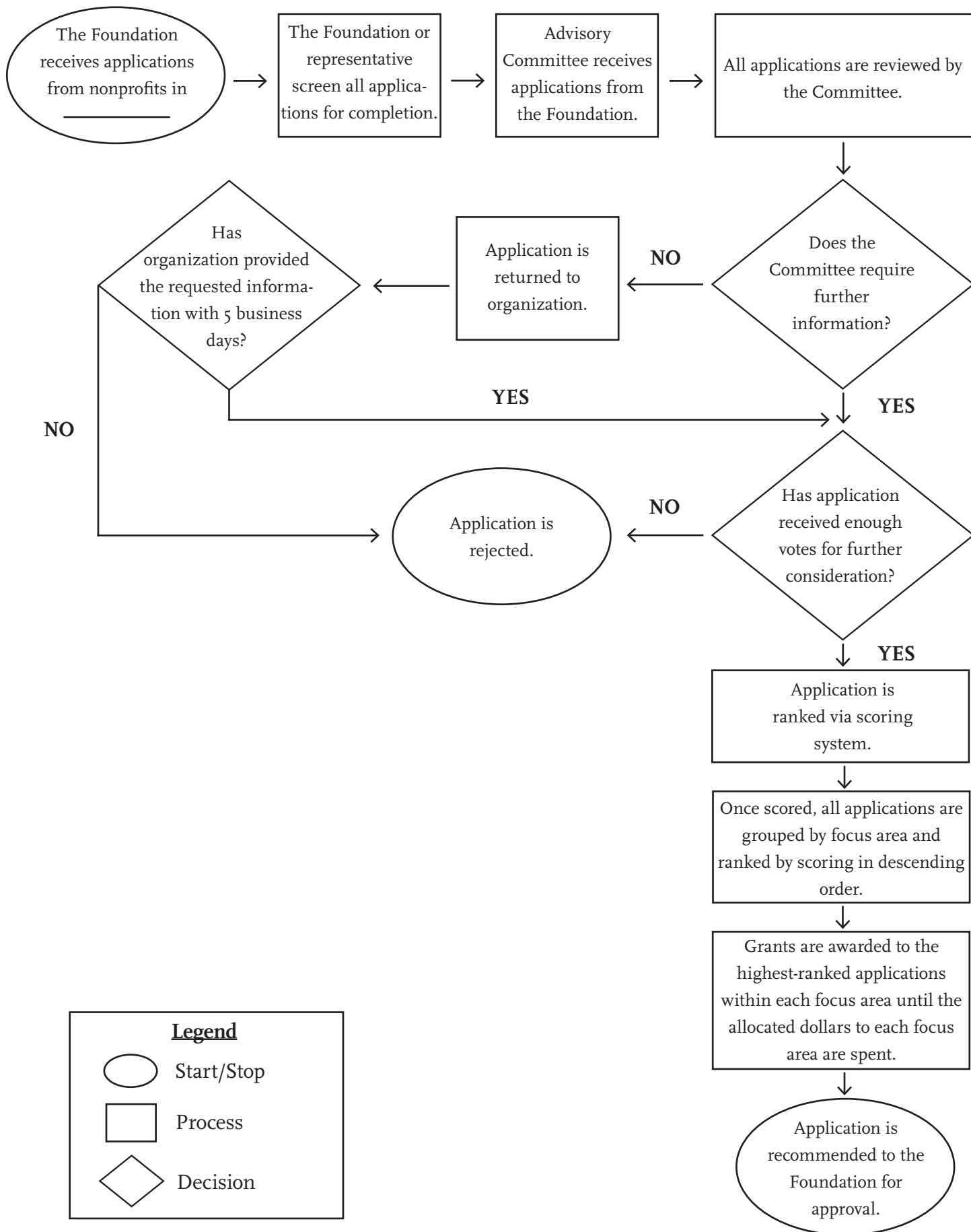
C. Evaluation. The organization should demonstrate the direct impact and long-term sustainability of the project as it relates to the people receiving the services. The organization should detail how it plans to measure the number of unique/unduplicated recipients of their services.

Item 5. Funding. The Committee should look for proposals that allocate no more than 40% to operating and administrative expenses. The remaining 60% should be passed through in their services to the community. Additionally, the organization should demonstrate solid plans for continued funding in the years beyond this funding request.

Item 6. Attachments. All five points will be awarded to a proposal that includes all required attachments. One point will be deducted for each missing attachment.

In order to be considered for funding a proposal must first gain enough votes for further consideration. If an application receives enough supporting votes, then the application is subject to a ranking system.

The flowchart on the next page illustrates this process.



Grant Policy: Indirect Cost Policy Example

Indirect Cost Guidance

Philosophy

The **ACME CO Foundation** tackles critical problems primarily affecting the world's poor and disadvantaged, and supports strong and effective partner organizations to do the same. We believe that good stewardship means maximizing our resources, including grant funding and staff time, while building strong partnerships based on trust.

We aim to structure grants in a way that makes sense from a financial perspective while also funding partners for the cost of delivering results efficiently, supported by open and honest dialogue about the resources required. As grant proposals are developed, we try to gain a complete and accurate understanding of the total cost to execute the project efficiently and effectively. However, there may be circumstances when our views of direct and indirect costs may not align with those of our partners, including other funders.

Our expectation is that grantees' executive and board leadership are continually evaluating how to "right size" their organizations' overhead cost to operate efficiently and effectively.

We welcome partners to contact the foundation if they have questions about this policy. Our finance team can help clarify the appropriate treatment of costs under the foundation's policy.

Definitions

The spirit of this policy is to pay for expenses that are directly attributable to project outcomes and outputs as direct costs and expenses associated with the general running of the business as indirect costs. Greater specificity on each category is described below.

Direct Costs: Direct costs are the expenses required to execute a grant that are directly attributable and can be reasonably allocated to the project. Program staff salaries, travel expenses, materials, and consultants required to execute the grant are examples. Costs that would not be incurred if the grant did not exist are often indicative of direct costs.

Indirect Costs: Indirect costs are general overhead and administrative expenses that support

the entire operations of a grantee and that may be shared across projects. Examples include facilities expenses, e.g. rent, utilities, equipment for the grantee's headquarters, and associated information systems and support and administrative staff such as HR, general finance, accounting, IT, and legal. Additional examples and details are included in Annex A. Expenses that would be incurred regardless of whether the grant is funded are often indicative of indirect costs. While these costs may not be directly attributable to a project, they are real and necessary to operate as an organization.

Indirect Cost Rate: Indirect Cost Rate = Budgeted Indirect costs / Budgeted Total Direct Costs (e.g. personnel, sub-awards, supplies, equipment, etc.) The indirect cost rate proposed in the budget should not exceed the grantee's organizational rate (when defined by the same terms.)

While the definitions above are general guidance for all grants, the requirements and activities of each project should be considered when determining direct and indirect costs. We review budget assumptions and cost categorizations on a grant-by-grant basis, and treatment of specific costs in one grant should not be considered precedent-setting for other grants.

Maximum Indirect Cost Rates

Indirect cost rates for grants are subject to the following limitations:

<u>0% rate</u> Government Agencies, Other private foundations	<u>Up to 10% rate</u> U.S. Universities, U.S. community colleges	<u>Up to 15% rate</u> Nongovernmental organiza- tions (NGOs), Multilateral Organizations, Non-U.S. universities, For-profit organizations
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- The rates provided above are the maximum rates allowed under the foundation's policy. A grantee or contractor with an actual indirect cost rate lower than the maximum rate provided above should not increase the funding request to the maximum allowed. The intent is to sufficiently fund actual costs, not to generate financial surpluses for grantees.

- The indirect cost rate awarded in a grant budget may vary up to the maximum percentages depending on various factors including, but not limited to, the type of project, level of administrative effort required, cost structure of the grantee, overall grant size, and extent of sub-awards or commodity purchases.
 - o Example 1: A primary grantee will receive grant funds that will be largely sub-granted to other organizations. The foundation may limit indirect costs the primary grantee receives on the sub-granted funds depending on the level of effort required to manage the sub-awards. The overall effective indirect cost rate awarded to the primary grantee may therefore be less than the maximum allowable rate.
 - o Example 2: A material portion of a project budget is allocated for commodity purchases. A lower overall effective indirect cost rate may be negotiated to remove commodity cost from the indirect cost calculation.
 - o Example 3: An NGO grantee has an organizational actual indirect cost rate of 8%, i.e., for every \$1,000 in direct costs, it has \$80 in indirect costs. Rather than defaulting to the maximum rate of 15% in the grant proposal, 8% should be proposed in the grant budget.
- Maximum Indirect Cost Rates and limitations apply to both the primary applicant organization and any sub-grantees. Each respective organization may receive indirect costs UP TO the rate applicable to their organization type.
 - o Example: If a U.S. university is the primary grantee and has an international nonprofit organization sub-grantee, the U.S. university is eligible to receive up to a 10% indirect cost rate, while the international organization is eligible to receive up to a 15% rate.
- We seek consistency across funding mechanisms and we thus reserve the right to apply this philosophy and principles to contracts.
- For-profit entities may propose indirect costs as a percentage from 0% up to 15% to the extent that adequate explanation of the cost is provided.
- We reserve the right to request substantiation of any grantee's indirect cost rate.

APPENDIX A:

The following is a list of common direct and indirect costs. We recognize that there are categories of cost that can be considered either direct or indirect depending on grantee accounting practices and the nature of the cost relative to the project purpose.

It is the responsibility of grantees to submit proposal materials that allow us to understand the link between project outcomes and direct costs. We also expect that grant proposals speak to what is covered by the requested indirect cost rate.

EXAMPLES OF COMMON DIRECT AND INDIRECT COSTS

	DIRECT COSTS: The following may be included as direct costs if DIRECTLY ATTRIBUTABLE and REASONABLY ALLOCABLE to and specifically required to execute the project.	INDIRECT COSTS: The following may be included as indirect costs if REASONABLY ALLOCABLE the project and not included as a direct cost.
Personnel	<ul style="list-style-type: none"> • Salaries and wages of employees working directly on the project • Fringe benefits of employees <p>These costs should be substantiated by timekeeping and/or an allocation methodology, and can include directly attributable and allocable project management and support, project legal, or accounting functions (substantiated by timekeeping)</p>	<ul style="list-style-type: none"> • Personnel cost of general management and administrative support personnel, such as executive management (CEO, COO, CFO, etc.) or central operational functions (Accounting, HR, IT, Legal, etc.)
Travel	<ul style="list-style-type: none"> • Travel expenses for trips directly needed to deliver the project 	<ul style="list-style-type: none"> • Travel not directly related to the project
Consultants	<ul style="list-style-type: none"> • Contracted staff working directly on the project 	<ul style="list-style-type: none"> • Contracted staff for general administrative functions, such as accounting or audits

Equipment	<ul style="list-style-type: none"> • Costs for equipment directly used by the project (can include purchase/replacement, operation, maintenance; to be pro-rated in case of partial use) 	<ul style="list-style-type: none"> • Costs for equipment or depreciation on equipment incurred by central operational functions
Other Direct Costs	<ul style="list-style-type: none"> • Allocable facilities, utilities and communications expenses that are required to execute the project, such as field clinics, laboratories, or project office costs • Project-specific supplies 	<ul style="list-style-type: none"> • Costs for facilities, utilities and communications associated with central operational functions such as university headquarters, U.S. office of an international NGO, or the back office of a biotech firm
Sub-awards	<ul style="list-style-type: none"> • Grants or contracts with other organizations that directly contribute to the project outcomes 	<ul style="list-style-type: none"> • Outsourced general operating activities, such as accounting, audits, or IT support

APPENDIX B: Frequently Asked Questions (FAQs)

- **Question:** Why doesn't the foundation match my institution's Negotiated Indirect Cost Rate Agreement (NICRA) rate with the U.S. government or other funding organizations?

Answer: The foundation's position is that whenever possible, specifically allocable costs should be identified as direct costs, including those for dedicated ongoing project management and support. Please see Appendix A for examples of direct and indirect costs. Please note that our categorization differs from the U.S. government's instructions to treat project management and support expenses as indirect costs. The foundation funds these costs as direct costs onto which is added up to 15% for indirect costs which are not directly attributable to the project.

- **Question:** Why are headquarters facilities typically not classified as direct costs?

Answer: Headquarters rent and other centralized facilities costs are part of doing business for an organization and therefore are not specifically attributable to a project or activity. These facility expenses of the organization should be categorized as indirect costs. In some

cases, we are willing to cover the facility expenses associated with directly attributable personnel who sit in the same headquarters facility but directly support the project funded by the foundation's grant. Facility expenses more than this allocation are considered indirect and are subject to the indirect rate limitations of the primary grantee noted in the Indirect Cost Policy.

- **Question:** How does the calculation of indirect costs work for the primary grantee and the sub-grantee?

Answer: The primary grantee receives indirect cost allowances on the total budget which includes its direct internal costs and sub-granted or sub-contracted costs. The "sub-granted" or "sub-contracted" funds would also include direct costs and indirect costs to that respective institution. The calculation may look as follows:

Grant to University ABC:

» ABC direct internal costs (personnel, supplies, travel, etc.)	--> 5.85M
» Sub-granted costs to nonprofit organization ACME CO	--> \$1.15M
• Includes direct sub-grantee costs—\$1.0M	
• Includes indirect cost allowance to sub-grantee (15%)—\$150k	
» Total direct costs to nonprofit organization ABC	--> \$7.0M
» Indirect cost allowance to primary grantee (10%)	--> \$700k
» Total grant award	--> \$7.7M

- **Question:** Why are indirect costs not provided to other foundations and government agencies?

Answer: As a foundation based in the U.S., we generally must ensure that our funds are used for charitable purposes. When the foundation makes a grant or enters into a contract with a U.S. public charity, the organization's status as a charity by the U.S. government is based on an assessment of the organization's mission and activities to confirm the funds will be used for charitable purposes. Government entities are typically funded by the citizens of the country for various agencies (e.g. Ministry of Health, Finance, Agriculture, etc.) Government entities are benefiting the communities of which the citizens are a part.

Therefore, our policy is to fund the program-specific costs related to our project or activity, but the administrative and general operations costs of the government agency should be funded by the respective country's budgetary funding. Similar logic applies to private foundations.

- **Question:** Why do U.S. universities receive a lower rate than international universities?

Answer: The foundation has an important relationship with university grantees to perform valuable work projects, including but not limited to discovery research, vaccine development, and clinical trials. The foundation's policy considers that U.S. universities should request a limited amount of indirect costs from private funders. In the U.S., indirect costs recoveries are negotiated with federal funding agencies because most U.S. funded research is performed on university campuses. Therefore, the foundation's policy is to provide a rate of up to 10% to U.S. universities to allow for additional administrative and overhead costs of the institution to be funded by other sources.

- **Question:** How do I determine if a cost is direct or indirect if it is not clear?

Answer: The key differentiating factor should be whether the cost is required and allocable to the project to meet its objectives. Here are several examples to help illustrate the distinction:

- o An audit function could be considered indirect if it is an organizational internal audit performing routine activities. However, if extra due diligence is required for new sub-awards on a particular project, the audit function to carry that out may be considered direct.
- o An organization can have accountants who manage the central organizational costs and some who are assigned exclusively or on a percentage basis to specific projects. In this case, the former would be considered indirect and the latter direct.
- o A local NGO has a headquarters in the capital city which also houses project-specific staff for work done in that region. In this case, the portion of the office that houses the headquarters functions would be considered indirect and the space dedicated to specific projects could be considered direct if incrementally needed to achieve project objectives.

Chapter 4: Worksheets and Forms

QUESTIONS THAT DIRECTORS SHOULD ASK ABOUT RISK

Source: The Handbook of Board Governance: A comprehensive guide for public, private, and non-for-profit board members by Richard LeBlanc, Editor with John Fraser

Note: These questions may be asked of the corporate board members OR the foundation board members. Not all will be applicable in all situations or with all board members. Use it as a guideline and conversation starter to ensure the board is responsibly assessing risk.

1. How do we integrate risk management with the corporation/foundation's strategic direction and plan?
2. What are our principal business risks?
3. Are we taking the right amount of risk?
4. How effective is our process for identifying, assessing, and managing business risks?
5. Do people in this organization have a common understanding of the term risk?
6. How do we ensure that risk management is an integral part of the planning and day-to-day operations of individual business units?
7. How do we ensure that the board's expectations for risk management are communicated to and followed by the employees in the company?
8. How do we ensure that our executives and employees act in the best interests of this organization?
9. How is risk management coordinated across the organization?
10. How do we ensure that the organization is performing according to the business plan and within appropriate risk-tolerance limits?
11. How do we monitor and evaluate changes in the external environment and their impact on the organization's strategy and risk management practice?
12. What information about the risks facing the organization does the board get so as to aid it in fulfilling its stewardship and governance responsibilities?
13. How do we know that the information the board gets on risk management is accurate and reliable?
14. How do we decide what information on risks we should publish?

15. How do we take advantage of the organizational learning that results from the risk management program and activities?
16. What are our priorities as a board in the oversight of risk management?
17. How does the board handle its responsibility for the oversight of opportunities and risk?
18. How does the board ensure that at least some of its members have the requisite knowledge and experience in risk?
19. How do we, as a board, help establish the “tone at the top” that reinforces the organization’s values and promotes a “risk-aware culture”?
20. How satisfied are we that the board is doing what it should in overseeing risk?

WORKSHEET Core Framework of a Private Foundation: Charter, Social Compact, Operating Principles

Source: “Frameworks for Private Foundations: A New Model for Impact” by Melissa Berman, Dara Major, and Jason Franklin

Instructions: Use these questions to help you write your foundational documents. Some questions may not apply to every foundation, but they are useful conversation starters and can help you write a compelling document that will stand the test of time.

Charter:

What is the story behind your foundations’ origin? How does that origin story come into play today?

What, if any, influence does the vision of your founding donor(s) have on the foundation today? When, how often, and why do your foundation’s current leaders look to the founders?

What kind of charter does your foundation have: clear and explicit, or vague and ambiguous?

How was your foundation initially governed? If it has changed over time, how and why has it changed?

What are your foundations’ values, cultural norms, mores, and practices?

How do past and current norms influence what, where, and how you fund today?

Social Compact:

A defining characteristic of most endowed foundations is the extraordinary freedom they have to define their accountabilities, beyond their baseline accountabilities to regulators and boards. To whom is your foundation responsible? Who are your top three stakeholders—inside the foundation, and outside the foundation?

Are there certain principles to which your foundation feels accountable, such as the founder's. etc.) legacy?

What is your foundation's approach to transparency? What information does it make publicly available, and why? What does your social compact suggest about what should be shared, and with whom (such as goals, how grant decisions are made, lessons learned, failures)?

To what degree does your foundation seek to influence the communities it serves? To what degree is the foundation influenced by the communities you serve? Why?

A foundation's social compact is the source of the foundation's legitimacy in the ethical sense; this sense of legitimacy is often earned, or conferred by others. To what degree does your foundation derive its sense of legitimacy from the private action of its donor? Government? Grantees? Public goodwill? Populations served/nonprofit sector writ large? Peer foundations?

Which does your foundation value more, and why: the freedom that foundations have to act independently, or the trust that the public confers on foundations, which may occasionally constrain independence?

Operating Principles:

What capabilities are distinctive at your foundation? What are your special strengths and what are some areas to be developed?

Are your capabilities consistent across the whole foundation, or does each program bring a distinct set (for instance, reactive for arts but proactive for community development)?

How well does your foundation “walk the talk”—are any of the foundations’ stated capabilities more aspirational than others?

Do you think your grantees and other stakeholders understand your operating capabilities? How does this level of understanding inform your interactions?

Are there capabilities that are core to your work that aren’t addressed in this chapter? What are they, and how might they connect with others?

If your foundation was in start-up mode today, which capabilities do you think would be most important to design in—and which could be spun off or discarded?

WORKSHEET Philanthropy Canvas

STATE OF THE WORLD/ISSUE

Problem environment that you are trying to change

Where is the change?

People, species, organizations,
and/or places

Who will help you?

Cocreators, cofunders, and
supporters

How do you do it?

Key activities

How do you interact?

Relationships

What do you do and why?

Charter, social compact, and capabilities

What do you need?

Key resources

How do you distribute or disseminate?

Channels

What will it cost?

Budget & opportunity costs

How will you fund it?

Capital, income, and/or
cofounders

Regulatory & Political Environment

Legal and
cultural policy
limitations that
define the range
of possible
actions

Actor Landscape

The funders,
nonprofits, and
other players
working on the
issue you care
about

Resource Constraints

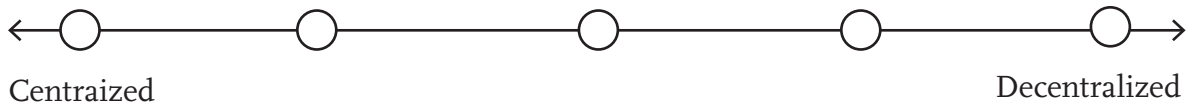
Final resources available, internally and
across the field

WORKSHEET Operating Capabilities

What Is Your Operating Capabilities Approach?

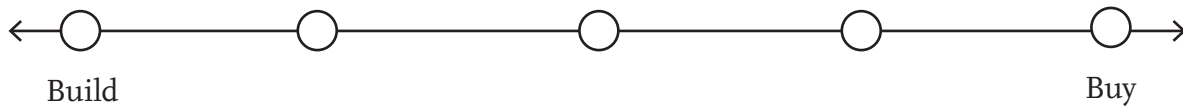
Decision-Making

How and where decisions are made and, as a result, how much variability or consistency exists within the foundation



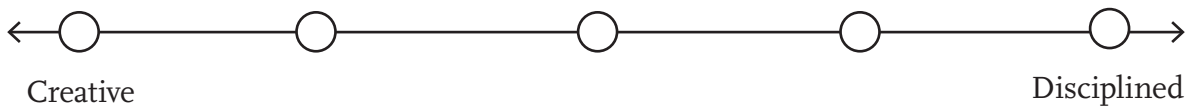
Resourcing

How the foundation resources its work, including indirect time allocated to support key programmatic goals beyond grantmaking



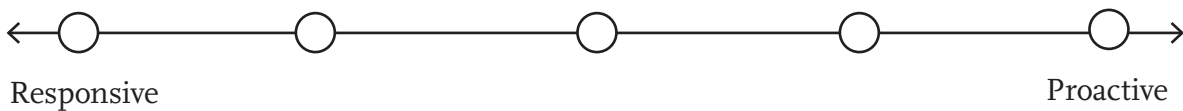
Flexibility

How the foundation implements its work and the amount of latitude the staff has in interpreting core strategy



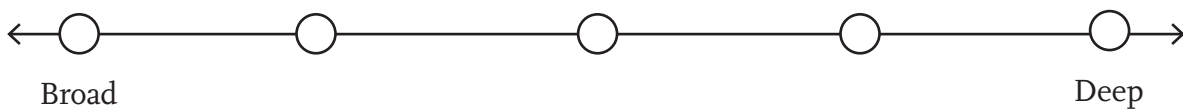
Initiative

How the foundation sees its role at the highest level



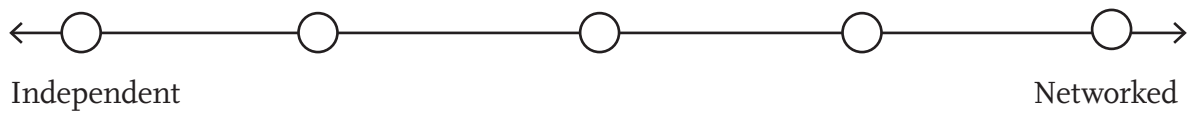
Programming

How the foundation tackles its areas of focus



Relationships

How the foundation sees its role and interacts with peer funders



WORKSHEET DIRECTOR COMPETENCY MATRIX

Source: *The Handbook of Board Governance: A comprehensive guide for public, private, and non-for-profit board members* by Richard LeBlanc, Editor with John Fraser

The following is a sample director competency matrix. Note that the competencies are listed along the vertical axis, and directors (incumbent and prospective) are enumerated along the horizontal axis.

Code	Area of Competency	Incumbent Directors					Prospective Directors		
		1	2	3	4	5...	1	2	3
	Core Board Skills, Knowledge, Experiences, Education, Training								
LEA	Enterprise Leadership								
GOV	Governance/Board								
IDY	Industry/Sector								
STR	Strategic/Value Creation/ Growth								
FIN	Financial								
	Desired Skills, Knowledge, Experiences, Education, Training								
ACC	Accounting/Taxation/ Audit								
ADV	Advocacy/Communica- tions/Reputation								
CAP	Capital Allocation/Markets								
DIV	Diversity (e.g. gender, culture)								
GEO	Geography								
GVT	Government/Public Sector Relations								
HR	HR/Quality/Performance Management, Compensation								
INV	Investor Relations and Mindset								
IT	IT/Cyber/Privacy Management								

Code	Area of Competency	Incumbent Directors					Prospective Directors		
		1	2	3	4	5...	1	2	3
LEG	Legal/ Regulatory								
MKT	Marketing/Sales								
OPE	Operational/ Organizational Activities								
RIS	Risk/Controls/Compliance Management								
SUS	Sustainability/Climate/ CSR								

WORKSHEET BOARD DIVERSITY MATRIX WITH MEASURABLE OBJECTIVES

Source: *The Handbook of Board Governance: A comprehensive guide for public, private, and non-for-profit board members* by Richard LeBlanc, Editor with John Fraser

The following is an example of a board diversity matrix with measurable objectives for age, gender, ethnicity, and geography.

Board Diversity Matrix (sample)		Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Director 8	Director 9	Director 10	Director 11	Director 12	Director 13	Total
Age	40-49						^			^					2
	50-59				^			^				^			3
	60-69	^		^		^					^			^	5
	70-79		^						^				^		3
Male		^	^	^	^	^	^	^		^	^	^	^	^	10
Female			^						^						3
Ethnicity		^										^			2
Asia		^													1
Canada		^	^	^	^	^		^		^	^	^			9
European Union									^						1
United States							^						^		2

Your Board Diversity

Board Diversity Matrix (sample)		Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Director 8	Director 9	Director 10	Director 11	Director 12	Director 13	Total
Age	40-49														
	50-59														
	60-69														
	70-79														
Male															
Female															
Ethnicity															

HIGH VS. LOW PERFORMING DIRECTORS

Examples of High-Performing Directors

Category (in descending board average order)	Name 1	Name 2	Name 3	Name 4	Name 5	Name 6	Name 7	Name 8	Name 9	Name 10	Name 11	Board Average
1. Integrity and Loyalty	8.59	8.52	8.37	8.30	8.04	8.19	8.26	8.15	8.15	8.30	8.10	8.27
2. Monitoring and Oversight Orientation	8.41	8.11	8.07	8.04	7.67	7.70	7.81	7.15	7.27	7.08	6.82	7.67
3. Analytical and Thinking Skills	8.48	8.44	7.96	7.59	7.63	7.63	7.59	7.44	7.11	6.93	6.30	7.59
4. Strategic and Advisory Orientation	8.56	8.00	8.19	7.81	7.59	7.56	7.41	7.41	6.93	6.93	6.19	7.53
5. Interpersonal and Social Style	8.33	8.19	7.89	7.63	7.63	7.63	7.30	7.15	7.15	7.15	6.79	7.53
Overall BEAM™ Score	8.47	8.25	8.10	7.87	7.71	7.70	7.67	7.46	7.32	7.28	6.83	7.72

Examples of Poorly Performing Directors

Category (in descending board average order)	Name 1	Name 2	Name 3	Name 4	Name 5	Name 6	Name 7	Name 8	Name 9	Name 10	Board Average
1. Integrity and Loyalty	7.86	7.63	7.42	7.29	7.25	7.17	7.04	6.38	6.38	5.00	6.88
2. Monitoring and Oversight Orientation	7.80	7.58	7.38	6.79	6.63	6.67	6.67	5.50	6.00	5.26	6.56
3. Interpersonal and Social Style	7.63	6.79	6.67	6.83	6.75	6.70	6.63	6.29	5.54	4.37	6.37
4. Analytical and Thinking Skills	7.75	7.25	6.58	6.50	6.46	6.74	5.96	6.21	6.25	4.37	6.36
5. Strategic and Advisory Orientation	8.22	6.75	6.67	6.63	6.54	6.27	6.00	5.96	5.75	4.59	6.31
Overall BEAM™ Score	7.87	7.20	6.94	6.81	6.73	6.72	6.46	6.07	5.98	4.72	6.49

WORKSHEET ARVIS SCORECARD

A grant or project—current or potential—should fit the following criteria:

- **Alignment:** The work is aligned with your company's citizenship and business strategy.
- **Resources:** Sufficient financial and human resources are available to achieve the desired impact.
- **Visibility:** well-respected organization that enjoys positive attention.
- **Impact:** The grantee's past projects have measured impacts that indicate project success.
- **Skills:** Does the grantee provide specialized knowledge and skills?

Grant/Project: _____

Criteria	Question	Score (1–5)
1. Alignment	Align with your company's business strategy and deliver value back to the company?	
	<i>Does this project...</i> Support the well-being of employees?	
	Contribute to product innovation and differentiation?	
	Positively contribute to your company's reputation among external stakeholders?	
	Subtotal:	
	Average: (Subtotal/4)	
2. Resources	Are suitable financial resources available and dedicated to the partnership?	
	Is senior leadership engaged with the partnership?	
	Will a dedicated team manage the partnership?	
	Subtotal:	
	Average: (Subtotal/3)	
3. Visibility	Will projects be visible and relevant to salient stakeholders?	
	Will the media positively recognize the partnership?	
	Will this grant or project invite participation from multiple stakeholder groups?	
	Subtotal:	
	Average: (Subtotal/3)	
4. Impact	Does the organization have a history of programs/projects that yield clear outputs?	
	Have the organization's past programs/projects resulted in direct benefits for stakeholders?	
	Did the organization's past programs/projects drive measurable change(s) within organizations, communities, or systems?	
	Subtotal:	
	Average: (Subtotal/3)	

5. Skills	Are priorities focused on the Foundation's area of interest?	
	Will grants or projects utilize the skills/expertise unique to your company?	
	Does the grantee have unique or specialized knowledge and/or skills for the project?	
	Has there been knowledge gained from partnering with companies/organizations/academics in the past?	
	Subtotal:	
	Average: (Subtotal/4)	

Common Grant Proposal Terms

1. 501(c)(3)

The section of the tax code that defines nonprofit, charitable (as broadly defined), tax exempt organizations. 501(c)(3) organizations are further defined as public charities, private non-operating foundations.

2. Abstract

A brief overview of your proposal. The abstract is the first thing that reviewer's read, and it causes them to formulate opinion of your proposal.

3. Accounts Payable

The amount owed by the organization to outside sources for items and services.

4. Accounts Receivable

Unpaid money owed to the organization from outside sources for services rendered.

5. Accrued Expense

An expense incurred, but not yet paid.

6. Administrative Costs or Overhead

Refers to the general overhead expenses incurred during the operation of a program but which cannot easily be directly related to its specific implementation. These costs include, but are not limited to, general administration, accounting, payroll, purchasing, computer service, facility costs, utilities, etc. Other examples are heating, lighting, air conditioning and janitorial services of the buildings. Administrative costs are typically expressed as a percentage of total program expenses.

7. Administrative Requirements

Those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records.

8. Administrative Supervisor

The person charged with oversight and evaluation of the Project Director's performance in terms of program activities, rate of accuracy of expenditure of funds, timely submission of reports, and supervision of grant personnel. The Administrative Supervisor assumes any and all grant duties until the Project Director is hired or if the Project Director is reassigned or terminated. The Administrative Supervisor reports to the Vice President of Academic Affairs and Student Services.

9. Advisory Committee

A group of individuals who have been selected by an organization to provide technical consultation in a variety of areas (e.g., fundraising, outreach, strategic planning). An advisory committee meets periodically to provide advice and feedback to the organization.

10. Allocation

The process of assigning a cost, or group of costs to one or more cost objectives in reasonable and realistic proportion to the benefit provided of other equitable relationship.

11. Allocational Grant Program

One that entitles certain applicants to receive grants if they meet the requirements of the program. Applicants do not compete with each other for funds, and each grant is either for a set amount for an amount determined under a formula specified in the authorize statute. Allocational grant programs are also known as formula grant programs.

12. Allowable Cost

A cost is allowable to a particular cost objective (i.e., specific function or category such as equipment, salaries, travel, etc.). An allowable cost is reimbursed to the College under a grant or contract with an external funding agency.

13. Amendment

Modification of existing legislation.

14. Announcement Number

Also called the funding opportunity number (FON). This number is used to search for a specific funding opportunity on Grants.gov.

15. Annual Fund

The Annual fund is an organized effort to obtain gifts on a yearly basis to support, at least in part, general operations of a nonprofit organization.

16. Annual Report

A voluntary report issued by a foundation or corporation that provides financial data and descriptions of its grant making activities. Annual reports vary in format from simple type-written documents listing the year's grants to detailed publications that provide substantial information about the grant maker's programs.

17. Applicant

The party requesting a grant or subgrant.

18. Application

A formal written request for a grant or subgrant. The application usually contains a description of the needs, objectives, methodology/strategies, evaluation, personnel, and budgeted cost proposed by the applicant to carry out a particular project. Most applications are now being submitted electronically.

19. Application Deadline

Applications will be considered on time if they are received on or before the deadline listed in the application guidance.

20. Application Package Template

A group of specific forms and documents for application to a specific funding opportunity.

21. Applied Research

Applied research is designed to solve practical problems of the modern world. For example,

applied researchers may investigate way to treat or cure a specific disease or improve the energy efficiency of homes, offices, or modes of transportation.

22. Appropriation

Legislation enacted by U.S. Congress which establishes a federal activity. The legislation will sometimes set limits on the amount of money which can be appropriated for the activity. The amount of funds approved to be expended under an authorization bill.

23. ARRA

The American Recovery and Reinvestment Act of 2009: The Federal legislation authorizing billions of dollars in program funding and tax cuts, referred to originally as the “Stimulus Bill, “ “Stimulus Package, “ or “HR 1.”

24. Articles of Incorporation

A legal document that creates a specific type of organization, a corporation, under the laws of a particular state.

25. Assets

The amount of capital or principal – money, stocks, bonds, real estate, or other resources – controlled by the foundation or corporate giving program. Generally, assets are invested and the resulting income is used to make grants.

26. Assurances

Signed certification by the Grant Applicant that the organization will comply with the regulations, policies, guidelines, and requirements as the related to the application, acceptance and use of federal funds for any federally assisted project.

27. Audit (Program)

A review of the accomplishments of a grant funded program by the staff of the funding agency. A program audit may be mandatory or random. Also known as monitoring.

28. Audit Requirements

Grantees must comply with audit requirements of OMB Circular A-133 that states the standards for Federal agencies in the audit of states, local governments and non-profit organizations awarding and spending federal funds.

29. Audited Statements

An evaluation by an independent auditing firm of a nonprofit organization's financial position.

30. Audits (Financial)

The examination of records and reports of a company, in order to ensure that what is provided is relevant and accurate. Audits are generally conducted after the end of the fiscal year. Some grant programs require an audit of grant funds at the end of the project.

31. Authority Reference

An accepted source of information; usually referencing a particular statute, regulation, rule, guideline, policy, etc.

32. Authorized Organization Representative (AOR)

An AOR submits an application on behalf of a company, organization, institution, or government. AORs are authorized by the organization's E-Business Point of Contact. Only the AOR has the authority to sign and submit applications.

33. Award

Grants, contracts, and other agreements; may also mean the amount of funds provided under a grant or contract. Funds provided as a result of winning a grant.

34. Award Letter

Notification from the funding source in writing that the project has been funded, for how long and in what amount.

35. Basic Research

The main motivation is to expand man's knowledge, not to create or invent something.

36. Beneficiary

In philanthropic terms, the grantee receiving funds from a foundation or corporate giving program is the beneficiary.

37. Bequests

A gift or donation without obligation to repay.

38. Block Grants

The grouping of many categorical grant programs into an overall functional area. An unrestricted federal grant. Money from the federal budget granted to state or local governments to spend on local services. The state or local government may use the money at its discretion for such programs as education or urban development.

39. Boilerplate Materials

A proposal that is copied from another. This is a definite NO-NO in the grant community.

40. Bricks and Mortar

An informal term for grants that provide funds for building or construction projects.

41. Budget

The grant recipient's financial plan for carrying out the project or program. The plan for financial operation consists of an estimate of proposed income and expenditures for a given time period and purpose.

42. Budget Cycle

The annual fiscal year (for example, October 1 through September 30) which is important because it indicates when funding sources will make their grants.

43. Budget Detail

A specific itemized list of expenditures and income that accompanies a budget narrative.

44. Budget Deviation

A departure from approved budget expenditures and usually requires prior approval by the funding agency.

45. Budget Justification (Budget Explanation)

Detailed statements that clarify and explain the budget and the specific expenses listed. They explain how dollar amounts were determined and place the expenses in context to the proposed program's implementation

46. Budget Narrative or Budget Explanation

The budget narrative provides a detailed description and support for items in the proposal budget. Budget narratives typically include calculations for staff hours and costs, lists of materials & supplies with costs, description of travel with cost details, explanation of other direct costs, and indirect cost rates and calculations. Some require a description of what personnel will do on the project

47. Budget Negotiation

Verbal or written discussions between submitting organizations and funding sources prior to the time a specific dollar award is made. Budget negotiations are initiated by the grantor and often involve modifications to the budget that result in budget reductions.

48. Budget Periods

The time interval that limits and defines the dates of operation authorized for implementation, budget expenditures, and goal/objective performance of a grant program. A typical budget period is 12 months.

49. Bylaws

A legal document outlining the self-imposed rules that will regulate an organization's own actions.

50. Capital Campaign

A capital campaign is a time-limited effort by a nonprofit organization to raise significant dollars for a specific project.

51. Capital Support

Funds provided for endowment purposes, buildings, construction, equipment, fixtures, furniture, or for endowment purposes.

52. Cash Contributions

Case resources that are expended for direct costs of program implementation. The cash may be secured from college reserves, contractual payments, collaborative partners, donations, etc.

53. Cash Match (or Matching Funds)

Financial resources expended by either the lead agency or a partnering agency for documented program expenses. They support program activities that are paid for from a source other than the grantor. The required extent of cash match required is set by the funding agency and is usually a percentage of the total budget. Private donors may offer matching funds as a challenge to other donors. Additionally, it is important to note that matching expenditures are auditable and should be well documented with a verifiable paper trail.

54. CBO

Community Based Organization: An organization that provides human services and is embedded within a particular community of population.

55. Certifications and disclosure of lobbying activities

A form included in application packages on which applicants indicate if their organization is involved in lobbying.

56. Challenge Grant

A grant that is paid only if the donee organization is able to raise additional funds from other sources. Challenge grants are often used to stimulate giving from other donors. A grant that must be matched with the money raised by the recipient.

57. Change Order

A written order signed by the contracting officer which directs the contractor to make changes to the program.

58. Commingling

To deposit or record funds in a general account without the ability to identify each specific source of funds for any expenditure. The commingling of funds is prohibited.

59. Common Grant Application

Grant application format that has been adopted by groups of grant makers to allow grant applicants to produce a single proposal for a specific community of grant makers.

60. Community Development Block Grant

A pass-through HUD program that allocates funding to "entitlement cities and counties", as well as states for smaller cities and rural areas, on a formula basis; funds can be used for a variety of affordable housing, economic development, infrastructure and other projects.

61. Community Foundation

A 501(c)(3) organization that makes grants for charitable purposes in a specific community or region. The funds available to a community foundation are usually derived from many donors and held in an endowment that is independently administered: income earned by the endowment then used to make grants. Although a community foundation may be classified by the IRS as a private foundation, most are classified as public charities and are thus eligible for maximum tax-deductible contributions from the general public.

62. Community Fund

An organized community program which makes annual appeals to the general public for funds that are usually not retained in an endowment but are instead used for the ongoing support of local agencies.

63. Community-Based Organization (CBO)

A private nonprofit organization which is representative of a community or significant segments of a community and which provides educational or related services to individuals in the community.

64. Company-Sponsored Foundation (Corporate Foundation)

A private foundation whose assets are derived primarily from the contributions of a for-profit business. While a company sponsored foundation may maintain close ties with its parent company, it is an independent organization with its own endowment and as such is subject to the same rules and regulations as other private foundations.

65. Competition

A process in which applications are evaluated against established review criteria, also known as objective review, and scored and rated accordingly.

66. Competitive Grant

A grant that is awarded on the basis of competition among eligible grantees/subgrantees. Grantees/subgrantees are selected based on technical evaluation of all grant applications submitted to/received by the grantor agency by an established deadline date. Awards are made to the grantees/subgrantees whose applications are most advantageous to the program, considering cost, program objectives and strategies, and other factors.

67. Conflict of Interest

Project directors must take reasonable steps to ensure that applying for a given grant will not constitute an impropriety or conflict of interest for them or for the college. Such situations include, but are not limited to; areas of personal financial gain for the applicant; and circumstances that might appear to compromise the college's reputation or give the college and unfair advantage. Project directors must take prudent steps to minimize even the slightest appearance of unethical behavior regarding all requests for personal reimbursements (for purchase or travel).

68. Conflict of Time

When serving as project director, total time commitment to such projects should be reasonably managed and congruent with the individual's professional responsibilities. The amount of time spent on grants must always be decided in consultation with the individual's supervisor.

69. Consortium

A group of organizations sharing in the finances and/or administration of a single grant to accomplish what which not one can do as effectively as when working together.

70. Consortium Agreement

A formal agreement, considered a sub-award, whereby a project is carried out by an award recipient and one or more other organizations that are separate legal entities. Under the agreement, the award recipient must perform a substantive role in the planned project or program activity and not merely serve as a conduit of funds to another party or parties.

71. Consortium Grant

A group of investors that band together to support a project.

72. Continuation Grant

A project approved for multiple year funding although they are typically funded for one year at a time and are contingent upon successful performance in the previous year.

73. Contract

A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It included all types of commitments that obligate the government (or other contractor) to an expenditure of funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to): awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. The office of the Comptroller requires contracting for discretionary grants unless otherwise exempted.

74. Contract Manager

Develops, negotiates and implements the requirements of the contract, such as authorization of payment. Serves as the College's administrative agent in conjunction with the College's Vice President of Academic Affairs and the business office.

75. Contract under a Grant

A written agreement between an award recipient and a third party to acquire commercial goods or services.

76. Contract/Grant Officer

An individual designated by the sponsor who is responsible for the business management of a specific grant, contract or cooperative agreement. This includes reviewing the grant/contract/agreement, negotiation, the award and the administration thereof. This individual also interprets the associated policies, rules and provisions.

77. Contractor

The funding source that has agreed to provide financial support for a grant program.

78. Cooperating Collection

A core collection of periodicals and information from a foundations network of libraries, community foundations and other agencies that provide a broad selection of supplemental materials and services that can be useful to grant seekers.

79. Cooperative Agreements

An award to conduct research in cooperation with the sponsor. Generally this agreement does not provide funding, but instead the grantee will work together with the sponsor, or the sponsor will provide use of its services, equipment, or facilities. Financial assistance support mechanism used for a program that will include substantial Federal involvement. Substantial involvement means that agency program staff will collaborate or participate in project or program activities as specified in the Notice of Award.

80. Cooperative Giving Program

Corporate giving programs do not have a separate endowment. This grantmaking program is established and administered within the profit making corporation. Their annual grant totals are generally directly related to the previous year's earnings.

81. Cooperative Venture

A joint effort between or among two or more grant makers. Cooperative venture partners may share in funding responsibilities or contribute information and technical resources.

82. Copyright

A statement of legal control over a document (usually by its author) such that anyone seeking to reproduce said document must first obtain permission of the copyright holder.

83. Corporate Foundation

A corporate foundation receives its funding from the for-profit company whose name it bears although it is legally an independent body. Corporations can establish foundations with initial endowments then periodically make contributions to the foundation. The contributions are generally based on a percentage of the company's profit.

84. Corporate Giving Program

A grant making program established and administered within a for-profit corporation. Because corporate giving programs do not have separate endowments, their annual grant totals generally are directly related to company profits. Corporate giving programs are not subject to the same reporting requirements as corporate foundations.

85. COS

A subscription only global resource on the web for hard-to-find information critical to scientific research and other projects across all disciplines.

86. Cost Accounting Standards (CAS)

Standard accounting procedures used for classifying, recording, and allocating current or predicted costs intended to ensure uniformity in budgeting and spending funds.

87. Cost Principles

Establishes principles for determining the allowability/unallowability of certain costs for grants, and the requirements for prior approval by the grantor agency of certain costs.

OMB circular A-87, Cost Principles for State and Local Governments, establishes cost principles for grants with school districts and regional education service centers. OMB circular A-21 Cost Principles for Educational Institutions establishes cost principles for higher education institutions. OMB circular A-122 Cost Principles for Non-Profit Organizations establishes cost principles for non-profit organizations which include most community based organizations.

88. Cost Reimbursement Contract

Issued on the basis of estimated costs of performing specified tasks; arrived at by negotiation between government and the contractor. Involves payment to the contractor for actual costs incurred up to the ceiling amount.

89. Cost Sharing or Matching

The value of the third party in-kind contributions and the portion of the costs for a grant project not borne by the grantor organization. That portion of project or program cost not covered by the federal government

90. Cost-Reimbursement Type Contract/Grant

A type of grant/contract that provides for payment by the sponsor for allowable incurred costs. These contracts estimate a ceiling which cannot be exceeded without the approval of a contracting officer except at the contractor's own risk.

91. Deadlines

Dates by which applications for grants or contracts must be submitted. The date when an application must be submitted. Either the postmark deadline (date by which an application must be postmarked) or the receipt deadline (date by which an application must be received by an agency).

92. Declining Grant

A multi-year grant that grows smaller each year. It is expected that the recipient's home organization will raise other funds to make up the difference.

93. Deferred Revenue

Money that the organization has received, but has not yet earned as of the closing date on the balance sheet. This amount is carried as a liability until the organization provides the goods or services for which the money was received.

94. Deficit

An excess of liabilities over assets (usually over a certain period).

95. Demonstration Grant

A grant made to establish an innovative project or program that will serve as a model to demonstrate the feasibility of an approach or theory. If successful, it may be an example for others.

96. Direct Cost

Cost items directly related to producing the end project or providing services specified in the grant or contract. Categories of direct costs include labor, other direct costs, indirect costs, overhead costs, travel, communication equipment and general administrative costs. These expenses can be itemized for which vouchers or payroll records can be presented for payment.

97. Disadvantaged

Individuals who because of physical, emotional, social, economic or other reasons are unable to adequately compete within the context of an educational institution.

98. Disbursement

Payment or cash or check, which discharges a liability, debt or expense.

99. Discretionary Grant Program

One that permits the grantor agency to use discretionary judgment in selecting applications for funding. A discretionary grant may or may not be competitive, depending on the authorizing language of the grant program and/or the discretion of grantor agency management/priorities.

100. Discretionary Grants

Competitive grants where funds are distributed according to a donor or trustee's discretion rather than by predetermined priorities. A grant (or cooperative agreement) of which the federal awarding agency may select the recipient from among all eligible recipients, may decide to make or not make an award based on the programmatic, technical, or scientific content of an application, and can decide the amount of funding to be awarded.

101. Distribution Committee

A committee responsible for making grant decisions. For community foundations, the distribution committee is intended to be broadly representative of the community served by the foundation.

102. Domestic Organization

Any state or local government agency or private organization that is located in the United States or its territories, is subject to U.S. laws, and assumes legal and financial accountability for funds awarded.

103. Donee

The recipient of a grant. Also known as the grantee or the beneficiary.

104. Donor or Grant Maker

An individual or organization that makes a grant or contribution to a donee. Also known as the grantor. Provides funds for a grant.

105. Drawdown, Draw

The method used by a grantee to request money from the funding agency. A draw is frequently weekly, monthly, quarterly, or a single lump sum. Quarterly draws are the most common.

106. E-Business Point of Contact (E-Biz POC)

An E-Business Point of Contact is responsible for the administration and management of grant activities in his/her organization. The E-Biz POC authorizes representatives of their organization.

107. Eligible Applicants

Any organization that meets the eligibility requirements listed in Section III of the Funding Opportunity Announcement (FOA). Eligibility for each program is different and is presented in the legislative authority for each program.

108. Employee Benefits (or Fringe Benefits)

Direct expenditures by an organization on behalf of its employees for such items as workmen's compensation, disability insurance, unemployment compensation, Social Security, life and health insurance, and retirement. Usually fringe benefits are calculated as a percentage of salaries.

109. Employee Matching Grant

A contribution to a charitable organization by an employee that is matched by a similar contribution from his or her employer. Many corporations have employee matching gift programs in higher education that encourage their employees to give to the college or university of their choice.

110. Employer Identification Number (EIN)

A nine digit number assigned by the Internal Revenue Service. All IRS-designated 501(c)(3) nonprofit organizations have an EIN.

III. Enabling Legislation

Legislation that gives appropriate officials the authority to implement or enforce the law.

III.2. Encumbrances

Commitments related to unperformed (executory) contracts for goods or services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

III.3. Endowment

Funds intended to be invested in perpetuity to provide income for continued support of a not-for-profit organization. The act of providing a permanent source of income.

III.4. Entity Identification Number (CRS-EIN)

A three-part coding scheme of 12 characters used in the Payment Management System (PMS) to identify organizations and individuals. The first character identifies the recipient as an organization or an individual. The next 9 characters are the Internal Revenue Service tax number identification (TIN) for organizations or the social security number (SSN) for individuals. The last 2 characters are a suffix to provide distinction between organizational entities that are assigned a single EIN and those that have more than one EIN. The entities could be subsidiaries, divisions, branches, subdivisions, or other organizational groupings of a major organizational entity.

III.5. Equipment

An article of tangible, nonexpendable personal property that has a useful life or more than 1 year and an acquisition cost of \$5,000 or more per unit or the value established by the recipient's written policies, whichever is less.

III.6. Estimated Revenue

The maximum amount of grant or contract funds that the grantee will receive if the full award is expended.

III.7. Expenditure

Consumption of an asset or a payment for an expense or the promise of a future payment. Incurrence of a liability.

118. Expenditure Responsibility

In general, when a private foundation makes a grant to an organization that is not classified by the IRS as a "public charity", the foundation is required bylaw to provide some assurance that the funds will be used for the intended charitable purposes. Special reports on such grants must be filed with the IRS. Most grantee organizations are public charities and many foundations do not make "expenditure responsibility" grants.

119. Family Foundation

An independent private foundation whose funds are derived from members of a single family. Family members often serve as officers or board members of family foundations and have a significant role in their grantmaking decisions.

120. Federal Cost Principles

The set of principles identified for determining costs of grants, contract, and other agreements. These principles are set out in the following circulars: Circular A-122 applies to non-profit organizations; Circular A-21 applies to Educational Institutions; and Circular A-87 applies to State, Local, and Indian Tribal Governments.

121. Federal Funds

Monies appropriated by the United States Congress.

122. Federally recognized Indian Tribal Government

The governing body of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in section 3 of the Alaska Native Claims Settlement Act) certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

123. Federated Giving Program

A joint fundraising effort usually administered by a nonprofit "umbrella" organization that in turn distributes the contributed funds to several nonprofit agencies. United Way and community chests or funds, the United Jewish Appeal and other religious appeals, the United Negro College Fund, and joint arts councils are examples of federated giving programs.

124. Fellowship

Funds awarded to educational institutions to support fellowship programs. Some fellowships also include funding for living expenses, books, and travel related to the fellow's area of academic interest. They are awarded to the undergraduate, graduate, post graduate and professional level of study.

125. Final Report

The final financial or technical report required by the sponsor when a research project is complete. A report that is due within 90 days after the project period ends. This final report collects information relevant to program-specific goals and progress on strategies; core performance measurement data; impact of the overall project; the degree to which the grantee achieved the mission, goals and strategies outlined in the program; grantee objectives and accomplishments; barriers encountered; and responses to summary questions regarding the grantee's overall experiences during the entire project period.

126. Financial Assistance

Transfer of money, property in lieu of money, or other direct assistance to an eligible recipient to support or stimulate a public purpose authorized by statute.

127. Fiscal Agent or Fiscal Sponsor

Generally, fiscal agents or fiscal sponsors are organizations that take responsibility for the fiscal duties of an unrelated party. Fiscal sponsorship is a formal arrangement in which one non-profit sponsors another non-profit or project of the non-profit that may lack tax-exempt status. The alternative allows a non-profit to seek grants and solicit tax-deductible donations under their fiscal agent's or fiscal sponsor's tax-exempt status.

128. Fiscal Budget

Detailed account of specifically categorized expenditures and amounts that have been previously authorized.

129. Fiscal Year (FY)

This includes the period of budget allocation. The Federal and State fiscal years are October 1 of each year through September 30 of the following year. The fiscal year for grants vary depending upon the funding agency (Federal/State/Local/Private). A 12 month period for which an organization plans the use of its funds. This period may be a calendar year but can be any 12-month period. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. If an organization files an IRS Form 990, it is required to define its accounting period on Line A at the top of the form.

130. Fixed Assets

Estimated value of land, buildings, equipment and other tangible items owned by the organization.

131. Flow-Through Funds

Federally funded projects, including projects funded by other entities whose funding originates can be traced back to the federal government.

132. For-profit Organization

An organization, institution, corporation, or other legal entity that is organized or operated for the profit or financial benefit of its shareholders or other owners. Such organizations also are referred to as "commercial organizations."

133. Form 990

The public record information return that all United States private foundations are required bylaw to submit annually to the Internal Revenue Service.

134. Form 990-PF

The public record information return that all United States private foundations are required bylaw to submit annually to the Internal Revenue Service.

135. Fringe Benefits

Benefits such as life and health insurance, retirement, unemployment compensation and workers compensation that are paid in addition to salary.

136. Full-time Equivalent

The amount of time spent or required in a less than full-time activity divided by the amount of time normally spent or required in a corresponding full-time activity during the regular school term. For example, an employee who assigned to a grant funded project full time at 100% or 1.0 FTEs.

137. Funder

An organization, agency, corporation or individual that makes funds available for a grant.

138. Funding Agency

The organization that funds a grant.

139. Funding Cycle

Starting with the announcement of available funds it includes all phases of the grant, the deadline for application submission, proposal reviews, award, issuance of grant documents, release of funds and fiscal reporting. If funds are re-appropriated after the first round, the cycle starts over.

140. Funding Opportunity Announcement (FOA)

An agency's formally issued announcement of the availability of Federal funding through one of its financial assistance programs. The announcement provides eligibility and evaluation criteria, funding preferences/priorities, the submission deadline, and information on how to obtain application kits.

141. Funding Opportunity Number (FON)

The number that a federal agency assigns to its grant announcement kits.

142. Funding Preference

The funding of a specific category or group of applications ahead of other categories or groups of applications that are recommended for approval. If the authorizing legislation provides a funding preference for some applicants, applicants that meet the criteria for the preference will be placed in a more competitive position among applications that can be funded. Applications that do not receive a funding preference will be given a full and equitable consideration during the review process.

143. Funding Priority

A favorable adjustment of combined review scores of individually approved applications when applications meet specified criteria. An adjustment is made by a set, pre-determined number of points.

144. General/Operating Support

A grant made to further the general purpose or work of an organization, rather than for a specific purpose or project, also called an unrestricted grant.

145. Gift

Award of financial assistance that is made without conditions. A gift may be allocated to a purpose (i.e., academic merit scholarships or general operating) or type of expenditure (i.e., current-use or endowment) broadly defined, but there are no required reports, time constraints, or set budget or operational plans in place as conditions for receipt.

146. Goal

A general statement of what a project/program intends to accomplish or contribute toward accomplishing. A goal reflects the long-term desired impact of a project/program on individuals, the community as a whole, or other target groups.

147. Government

A State or local government or a federally recognized Indian tribal government.

148. Grant

Award of financial assistance. Funding from an outside source for a specific project (education, training, administration, equipment, service, etc.) usually from a specific period of time for performance and/or completion, and where a notice of award is generated and the grant award is accepted by the recipient. Grants require that the project will be implemented as originally accepted or as amended with grantor's approval, and that all guidelines of the grantors' agency, and/or State and Federal guidelines must be followed. In addition, grants must comply with established record keeping and reporting systems, with grant guidelines as outlines above, and with all guidelines and procedures for grants and program management established.

149. Grant Administration

The activities which take place immediately following notification of the grant award throughout the final report submission after the project period ends.

150. Grant Agreement

A legally binding contract between a grantee and a grantor. Based on the proposal submitted by the grantee the agreement specifies the terms and conditions of the grant.

151. Grant Award Notice

A written document that notifies the grantee and others that a grant is awarded, specifies the terms and conditions of the grant, and provides a legal basis for the obligation of grant funds. The notice usually includes the amount and effective date of the grant (period of obligation); accounting classification numbers; certifying official's signature; and terms and conditions of the grant. The terms and conditions incorporated by reference the legislative authority and regulations; the grant application and any amendments; applicable policy statements, manuals, and handbooks; and any special conditions.

152. Grant Guidance

The guidance explains exactly what is required to submit the application. It contains additional definitions, explanations, and deadlines. Before submitting the grant, read the guidance.

153. Grant Period

For projects funded by the UTOPIA State Education Department, the period between the beginning and ending dates of a grant during which the grantee may obligate funds.

154. Grant Program

Those activities and operations of the grantee which are necessary to carry out the purposes of the grant, including any portion of the program financed by the grantee.

155. Grant Seeker

A grant applicant.

156. Grant-Approved Projects/Activities

Activities specified or described in a grant application, plan or other document that are approved by the awarding office for funding, or changes that may be proposed by the grantee and subsequently approved by the Grants Management Officer.

157. Grant/Contract Officer

An individual designated by the sponsor who is responsible for managing the business aspect of the grant, cooperative agreement or a contract.

158. Grantee

The recipient of the grant (also known as the beneficiary). The legal entity to which a grant is awarded and which is accountable for the use of funds. The grantee is the entire legal entity even if only a particular component of the entity is designed in the grant award document.

159. Grantee Financial Report

A report detailing how grant funds were used by an organization. Many corporate grant-makers require this kind of report from grantees. A financial report generally includes a listing of all expenditures from grant funds as well as an overall organizational financial report covering revenue and expenses, assets and liabilities.

160. Grantmaker

Donor

161. Grantor Agency

The entity that awarded a grant or subgrant to an eligible grantee to carry out projects.

162. Grantor, Grant Maker

An individual or organization that makes a grant or contribution to a grantee. (Also known as the donee). Party issuing the grant.

163. Grants Payable

Unpaid amount of grants or awards that an organization plans to pay other organizations or individuals.

164. Grantseeker

Donee

165. Grassroots Fundraising

Efforts to raise money from individuals or groups from the local community on a broad basis. Usually an organization's own constituents are people who live in the neighborhood served or clients of the agency's services, are the sources of these funds. Grassroots fundraising activities include membership drives, raffles, auctions, benefits, and a range of other activities.

166. Guidelines

Procedures set forth by a funder that grantseekers should follow when approaching a grantmaker. The goals and procedures of the funding agency.

167. Hypothesis

A hypothesis is an assumption made in order to test its validity. It should assert a cause-and-effect relationship between a program intervention and its expected result. Both the intervention and result must be measured to confirm the hypothesis.

168. In-Kind Contribution

The value of non-federal, non-cash contributions provided by the grantee organization in support of a grant program (i.e., without charge to the grant program). May be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the grant project or program (extracted from 34 CFR 74 and 80). A contribution of equipment, supplies, or other tangible resources, as distinguished from a monetary grant. Some organizations may also donate the use of space or staff time as an in-kind contribution.

169. In-Kind Funds

Sometimes grants require matching funds. One way an organization can increase matching funds is to list the value of services or other support as in-kind funds. Volunteer services, space, transportation, and donated goods you distribute are common examples of in-kind matches.

170. Income

Money that the organization has received from contributions, grants, the performance of services, etc. These are net figures from when rental expenses, costs, sales expenses, direct expenses, and costs of goods sold have been deducted.

171. Incorporated

To become a registered nonprofit with the IRS, you must first become a corporation.

172. Incremental Funding

Grants that are funded with specific spending limits below the total costs.

173. Independent Foundation

A grantmaking organization usually classified by the IRS as a private foundation. Independent foundations may also be known as family foundations, general purpose foundations, special purpose foundations, or private non-operating foundations. The Foundation Center places independent foundations and company-sponsored foundations in separate categories, however, federal law normally classifies both as private, non-operating foundations subject to the same rules and requirements.

174. Indirect Cost Rate Agreement

The rate negotiated by the cognizant Federal agency used for reimbursing indirect costs. The rate may be applicable to an entire organization, on-site activities or off-site activities only, a particular site, or specified activities. The rate must be effective for the period for which reimbursement is claimed. Rates may be fixed, predetermined, provisional, or final, consistent with the applicable Federal cost principles.

175. Indirect Cost Rates

Grant-making organizations understand that when they fund a proposal they are not reimbursing the recipient for all related costs because the grantee has to absorb such costs as heating, lighting, and salaries. That's why some agencies allow a proposal to include indirect costs. These costs cannot be attributed to a single project, but support multiple projects. The device for determining the proportion of an organization's general expenses that each of its projects bear.

176. Indirect Costs

Those costs not identified with a particular program or activity. These are costs that are incurred for several purposes necessary to the operation of the institution; for example, library resources, building maintenance, etc. Costs not directly associated to a specific project including accounting, payroll, purchasing, administrative services, building maintenance and operation. Depreciation of equipment.

177. Indirect Rate

Calculated using the Federal Division of Costs Allocation Formula. Some federal agencies may cap or limit an applicant's indirect rate. For example, the U.S. Department of Education has an 8% maximum of direct costs.

178. Interim Funding

Limited funds expended on a project before the award document has been received from the sponsor.

179. Internal controls

A process designed by the grantee organization to provide reasonable assurance the following objectives will be achieved

- * Effectiveness and efficiency of operations;
- * Reliability of financial reporting;
- * Consistency from one grant program to another; and
- * Compliance with applicable laws and regulations.

180. Investigator-Initiated Proposal

A proposal that is not in response to a RFP, RFA, or program announcement.

181. IRB

The IRB is an administrative body established to protect the rights and welfare of human research subjects recruited to participate in research activities conducted under the auspices of the institution with which it is affiliated. The IRB has the authority to approve, require modifications in, or disapprove all research activities that fall within its jurisdiction.

182. Letter of Intent/Letter of Inquiry

A written statement of the intention to enter into a formal agreement. The grantor expresses their willingness to commit to funding a project if certain conditions are met.

183. Leveraging Ratio

Grant money that is used to gain other money. A 1 to 1 ratio would be that for each grant dollar awarded the grantee will need to acquire one dollar from another source.

184. Limitation of Cost (LOC)

This is a mandatory clause for cost reimbursement contracts. The sponsor is not required to reimburse the contractor for monies over the stated amount in the clause.

185. Local Government

A county, municipality, city, town, township, local public authority (including any public and Indian housing agency), school district, special district, intra-State district, council of governments (whether or not incorporated under State law), any other regional or interstate government entity (such as regional planning agencies), or any agency or instrumentality of a local government. The term does not include institutions of higher education and hospitals.

186. Logic Model

A logic model is sometime requested when applying for a grant. Simply put, this document shows the relationships among your project's sources, actions, outputs, and expected

outcomes. Logic models show, in table form, the expectations you have for the project you wish to be funded. Logic models can be useful for project planning and making you aware of any project gaps.

187. LOI (Letter of Inquiry)

A letter of inquiry is a brief yet concise presentation of the program or problem that you would like funded as well as your organization's qualifications and background. A letter of inquiry can often be the most important step in securing grant funds. According to the Foundation Center, many foundations prefer funding requests come first in the form of a LOI instead of a full proposal. Foundations typically use letters of inquiry to see if there is interest in the project before a full proposal is submitted.

188. Maintenance of Effort (MOE)

A provision common to many federal education authorizing statutes. This provision states, in general, that a grantee (usually an LEA) may receive grant funds under a particular federal program for any fiscal year only if either the combined fiscal effort per student or the aggregate expenditures of the LEA with respect to the provision of free public education by the LEA for the preceding fiscal year was not less than 90% of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year. According to this provision, when an LEA has not maintained effort, the state agency must reduce the amount of the allocation of funds under the grant program in any fiscal year in the exact proportion to which the LEA fails to meet the requirement by falling below the 90% of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the LEA).

Grantees should carefully review the applicable program statute and regulations to determine if the maintenance effort requirement applies and to ensure they are in full compliance with such requirements.

189. Major Program

An individual award or a number of awards in a category of Federal assistance or support for which total expenditures are the larger of three percent of total Federal funds expended

or \$100,000, on which the auditor will be required to express an opinion as to whether the major program is being administered in compliance with laws and regulations.

190. Mandatory Grant

A grant (or cooperative agreement) for which the authorizing statute requires the agency to make an award to each eligible entity under the conditions and in the amount (or based on the formula) specified in the statute.

191. Match

The portion of funding pledged by the applicant toward the overall cost of the grant-funded project. Usually defined by percentages, 20%, 50%, etc. Unless otherwise stated, a match is usually cash. 95% of government grants now require a match.

192. Matching Contributions

The portion of costs relating to grant-supported activity that is borne by the recipient agency. The required extent of matching contributions is sent by the funding source and is usually a percentage of the funds provided by the granting agency. Matching funds may also be contributed by private donors as a challenge to other donors. Matching expenditures whether cash or in-kind must be documented and tracked for audit purposes.

193. Matching Funds

Contributions required by party other than the grantor. In some cases, the organization receiving the grant needs to provide a certain amount of its own money, or collaborator's funds, toward the effort. Programs vary a lot in the amounts and types of matching funds required; many required no matching funds at all. But if a match is required, failure to provide it will likely result in the rejection of the application.

194. Matching Grant

A grant that is made to match funds provided by another donor.

195. Measurable Objectives

Goals stated in such a way that the achievement or non-achievement of his goal may be determined with a relative degree of precision by objective observation and measurement (also called criteria based objectives).

196. Misconduct in Science

When public funds support research there are expectations about how they will be expended. "Scientific misconduct" refers specifically to violations of the expectation of honesty in reporting scientific findings.

197. Monitoring

Overseeing the accomplishments of a funding project.

198. Multi-Year Budget

A budget that contains the cost of a specific project of more than one year's duration. Separate budgets are prepared for each year with a budget summary of the combined annual budgets being presented at the beginning of the document.

199. Multi-Year Funding

Consists of financial support that extends beyond one year. Such funding requires sub-mission of annual request for continuing support (even though grantor approval has been tentatively given for the anticipated multi-year grant period).

200. Needs Assessment

A continuous, formal process for identifying in what areas and by how much the present system is short of an ideal state. Tools (surveys, questionnaires, etc.) used to involve individuals in discussions about their lives and the communities in which they live. Community participants become involved in programming as they provide information about their social, economic, and environmental concerns.

201. Negotiated Budget

The funding source determines the amount to be funded for the project as well as the length of the project. Often the amount funded is less than the amount requested.

202. New and Competing Proposals

First-time proposals or existing projects that need to re-compete for funding prior to the expiration of the initial award.

203. Non-Confidential Disclosure

When access to a confidentiality agreement is given to a potential licensee of an invention in order for them to determine the feasibility of the patent.

204. Nonprofit (Nonprofit Organization)

As applied to an agency, organization, or institution, one that is owned and operated by one or more corporations or associations whose net earnings do not benefit, and cannot lawfully benefit any private shareholder or entity (34 CFR 77).

205. Notice of Grant Award (NGA)

The legally binding document that notifies the grantee institution that a grant or a cooperative agreement has been made. The notice contains references to the award's terms and conditions under which the project will be conducted.

206. Objective

A specified statement describing what is expected to be accomplished within a given funding period. Objectives are measurable and clearly state what will be changed, what the change will be, and when this will be accomplished.

207. Objective Review Committee

A selected group of unbiased experts in the programmatic area who review grant applications.

208. Obligations

The amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period (34 CFR 80).

209. On Spec

On speculation. Preliminary work done on the "speculation" that the project will be funded. Lawyers, consultants and other may do work for free on the belief that additional work will be forthcoming. Some funding agencies have ethical concerns with this type of arrangement.

210. Operating Foundation

A 501(c)(3) organization classified by the IRS as a private foundation whose primary purpose is to conduct research, social welfare, or other programs determined by its governing body or establishment charter. An operating foundation may make grants, but the sum generally is small relative to the funds used for the foundation's own programs.

211. Operating Support Grant

A grant to cover the regular personnel, administrative, and miscellaneous expenses of an existing program or project. Rather than for a specific purpose or project. This is a grant made to further the general purpose or work of an organization.

212. Outcomes

Benefits or changes for individuals or populations during or after participation in program activities. Outcomes may relate to behavior, skills, knowledge, attitudes, values, conditions or other attributes. Outcomes are what participants know, think, or can do; how they behave, or what their conditions are that is different following program implementation.

213. Outlays or Expenditures

The allowable charges made to the federally sponsored project or program.

214. Outreach

Contributes to eliminating artificial barriers to the use of educational resources by finding new ways to serve.

215. Oversight Agency

Federal agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency, unless n direct funding is received. Where there is no direct funding, the Federal agency with the predominant indirect funding will assume the general oversight responsibilities.

216. Payout Requirement

The minimum amount that private foundations are required to expend for charitable purposes (including grants and, within certain limits, the administrative cost of making grants). In general, a private foundation must meet or exceed an annual payout requirement of five percent of the average market value of its total assets.

217. Personal Property

Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

218. Pipeline

Terminology used when grant applications score acceptably but not high enough to be awarded. If additional funds become available, or other projects do not take place, one of the applications in the "pipeline" may be funded.

219. Planned Giving

Planned giving is a complex program of various financial instruments that can be adapted to each donor's needs.

220. Pledges and Grants Receivable

Funds promised to an organization from grantmakers, individual donors, etc. but not yet received.

221. Pre-Application

A prospectus following a prescribed formal developed by an agency and utilized to screen proposals. A summary statement of the intent of an applicant to request funds. The funding agency will make an assessment on the ability to compete with other grant applications and may even discourage those with little chance of success.

222. Pre-Award Costs

Those costs incurred between the date of funds are available for obligation and the date the application is received by the grantor agency (the effective date) directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

223. Pre-Proposal

A prospectus following a prescribed format developed by an agency and utilized to screen a proposal.

224. Prevailing Wages

Wage rates for laborers and mechanics that are required to be paid for projects covered by the Davis-Bacon Act. The wages are determined by the U.S. Department of Labor.

225. Prime Sponsor or Prime Contractor

A single agency which has the overall responsibility for conducting a program usually involving subcontractors.

226. Principal Investigator (PI)/Co-Investigator

Faculty or staff member who directs the technical and administrative work of a sponsored project. A CoPI is a faculty member who collaborates with the Principle Investigator (PI) in the execution of the research project.

227. Prior Approval

Documentation evidencing consent prior to incurring a specific cost (34 CFR 80).

228. Priority Score

Average score a proposal receives from an NIH IRG. This is the primary determinant of success. Range is 100 to 300 (lower is better) if 50% of applications are triaged to "not scored" group.

229. Private

As applied to an agency, organization, or institution, one that is not under federal or public supervision or control (34 CFR 77).

230. Private Foundation

A nongovernment, nonprofit organization with funds (usually from a single source, such as an individual, family, or corporation) and program managed by its own trustees or directors. Private foundations are established to maintain or aid social, educational, religious, or other charitable activities serving the common welfare, primarily through the making of grants.

231. Private Sector Grants and Funding

For-profit foundation and corporate grants that allocate money to strengthen education and community based interests.

232. Pro Forma

An anticipated, proposed or hypothetical set of numbers for a project, generally the budget.

233. Program Amount

Funds that are expended to support a particular program administered internally by a foundation or corporate giving program. Internally administered funds from a foundation or corporate giving program that support a particular program.

234. Program Announcement

A document issued by a sponsor describing the existence of a funding opportunity and requesting grant applications. It may describe new or expanded interest in a particular program or be a reminder of continuing interest in a program.

235. Program Income

Revenue generated by a project including, but not limited to, the sale of real estate or equipment, rental income, interest on loans, interest earned or money collected through special assessments. This revenue can be subject to all terms and conditions of the original grant. Income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income must be spent according to the terms of the award. In most cases, it must be put back into the program,

236. Program Officer

A staff member of a foundation who reviews grant proposals and processes applications for the board of trustees. Only a small percentage of foundations have program officers.

237. Program Related Investment (PRI)

A loan or other investment (as distinguished from a grant) made by a foundation to another organization for a project related to the foundations philanthropic purposes and interests.

238. Program Requirements

Those matters that can be treated only on a program by program or grant by grant basis, such as the kinds of activities that can be supported by grants under a particular program, or program requirements specified in a particular authorizing program statute or regulation, such as the inclusion of certain program components.

239. Program Services

Fees and other monies received by an organization for services rendered. These services must relate directly to the primary purpose for which the organization received its tax-exempt status.

240. Progress Report

A scheduled report (usually annually) required by the funder that summarizes the project to date.

241. Project

The activity described in an application. The planned program, the goals and objectives for which the grant funds are being requested.

242. Project Costs

The total allowable costs incurred by a recipient (and the value of in-kind contributions made by third parties) in accomplishing the objectives of the award during the project period.

243. Project Director or Principal Investigator (PI)

The person who is responsible for all program activities as authorized by the funded proposal; establishes and revises the operational budget in accordance with college policy and salary scales; completes timely and accurate expenditures of funds as authorized by the funding agency guidelines and the approved project budget; prepares and submits all required progress and evaluation reports through proper channels; and supervises project personnel. Sometimes the terms "project director" and "principal investigator" are used interchangeably.

244. Project Period (PP)

The total time for which support of a project has been approved. A project period may consist of one or more budget periods.

245. Project Program Officer

The federal or state agency representative who has the task of monitoring the project, providing technical assistance to the project, and insuring that the objectives are carried out within the framework of the regulations.

246. Property (Expendable Personal)

Consists of all tangible property other than non-expendable personal property.

247. Property (Real)

Real property, equipment, and intangible property. Includes land and land improvements, structures and appurtenances (but excludes movable machinery and equipment).

248. Proposal

A written document that typically answers who, what, where, when, why, and how, in addition to how long and how well, a prospective contractor or grantee proposes to carry out a project. A proposal is usually submitted by an eligible agency in response to a Request for Proposal (RFP). A written application, often accompanied by supporting documents, submitted to a foundation or corporate giving program in requesting a grant. Most foundations and corporations do not use printed application forms but instead require written proposals; others prefer preliminary letters of inquiry prior to formal proposals. Consult published guidelines. Submitted to the sponsor setting forth a project that includes at a minimum a description of the work and a budget.

249. Proposal Budget

Make sure your budget provides all information required in the proposal guidelines.

250. Public Charity

A tax exempt, nonprofit organization that qualifies for tax-exempt status under section 501(c)(3) of the IRS code. Public charities are the recipients of most foundation and corporate grants. Some public charities also make grants.

251. Qualifying Distributions

Expenditures of a private foundation made to satisfy its annual payout requirement. These can include grants, reasonable administrative expenses, set-asides, loans and program-related investments and amounts paid to acquire assets used to directly in carrying out tax-exempt purposes. The amount of money spent by a private foundation to satisfy its annual payout requirement, including grants, normal and reasonable administrative expenses, loans and program-related investments, plus any amounts paid to purchase assets used directly in carrying out tax-exempt purposes.

252. Query Letter

A brief letter outlining an organization's activities and its request for funding that is sent to a potential grantmaker in order to determine whether it would be appropriate to submit a full grant proposal. Many grantmakers prefer to be contacted this way before receiving a full proposal.

253. Real Property

Land, including land improvements, structures, and additions, but not movable machinery and equipment.

254. Reauthorization

The continuation or subsequent authorization of a federal grant program by Congress. The statute reauthorizing a program may include one or more, often significant, changes to the original or previously authorized statute.

255. Recipient

An organization receiving financial assistance to carry out a program directly from Federal agencies. The receiver of the grant funds. Also known as the awardee, the organization or individual that receives a grant or cooperative agreement award. The recipient is the entire legal entity even if a particular component is designated in the Notice of Award (NoA).

256. Regulations

The contractual rules and regulations issued by the sponsor of research projects.

257. Regulations and Requirements

Proposals must be consistent with the mission and goals of Recipient, policies established by the Board of Trustees, laws of the State, and applicable federal laws and regulations.

258. Reimbursement

A payment made to a recipient for cash disbursements. Most reimbursement payments are processed through the Payment Management System (PMS), the Department's centralized grants payment system.

259. Request for Proposal (RFP)

A formal document prepared by the grantor agency that requests proposal from eligible agencies to describe the manner in which the agency proposed to carry out a project. The RFP usually contains background information, proposal content, conditions and requirements for submitting the proposal, and a description of the selection criteria. An acronym for Request for Proposal. When an organization issues a new contract or grant program, it sends out RFP's to agencies that might be qualified to participate. The RFP lists project specifications and application procedures. While a few foundations occasionally use RFPs in specific fields, most prefer to consider proposals that are initiated by applicants.

260. Restricted vs. Unrestricted funds

Donors can choose to designate how a nonprofit can use their gifts. Restricted funds are those financial resources that are limited to use for specific programs, expenditures, and/or time periods by a grant, contract or other agreement. Restricted funds can be provided as an endowment.

261. Revenue Sharing

Tax funds appropriated by Congress and distributed to local and state governments in sums determined by a complex formula.

262. Review Criteria

Critical elements of the grant program presented in the Funding Opportunity Announcement (FOA). The criteria assist the applicant in presenting pertinent information and provide the reviewer with a standard for evaluating an application.

263. Ruling Year

The year that the IRS granted an organization 501(c)(3) status.

264. School District

Special district, intrastate district, council or government (whether or not incorporated as a nonprofit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

265. Seed Money

A grant or contribution used to start a new project or organization. Seed grants may cover salaries and other operating expenses of a new project. Money used for setting up a new project or enterprises. Seed grants can cover the operating expenses and salaries. A small financial award for the purpose of getting a project started. It is assumed that the project will be able to attract additional external funding following the award of the seed money.

266. Set-Asides

Funds set aside by a foundation for a specific purpose or project that are counted as qualifying distributions toward the foundation's annual payout requirement. Amounts for the project must be paid within five years of the first set-aside. Foundations can set aside money for specific purposes or for projects that are counted as qualified distributions toward the foundation's required annual payout. Amounts for the project must be paid within five years of the first set-aside.

267. Single Audit

A requirement that all federally funded grants to audited for institutions receiving an accumulation of federal funds greater than \$300,000.

268. Small Grant

Often limited to a beginner researcher, this type of grant award is typically for one year.

269. Soft Costs

Soft costs are considered money required for building or renovating a project but not including labor and material. Generally the costs include the architects, attorneys, fees associated with title searches, permits and closing costs.

270. Special Consideration

A special consideration is defined as the enhancement of priority scores by peer reviewers based on the extent to which the application addresses areas of concern in a discretionary program.

271. Special Purpose Foundation

A private foundation that focuses its grantmaking activities in one or a few areas of interest.

272. Specific Aims

Critical section of your grant directly related to your success in obtaining funding. Should include, broad, long-term objectives of your research, and then list the specific aims or goals that are being proposed in the particular research proposal.

273. Sponsorship

Affiliation with an existing nonprofit organization for the purpose of receiving grants. Grantseekers may either apply for federal tax-exempt status or affiliate with a nonprofit sponsor.

274. Stakeholder

A stakeholder is any person, inside or outside the organization that has a real and active interest in the organization and its program; who has an investment (time, energy, emotional, or money) in the program; and who has a commitment to the program's success.

275. State Government

The government of any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any U.S. territory or possession, or any agency of a State exclusive of local governments. State institutions of higher education and State hospitals are not considered State governments for purposes of the HHS general administrative requirements for.

276. State Plan

Document developed by a state agency, based on guidelines from and to be approved by federal agency, in order to insure that 10 funds flow to state and/or 20 that state is in compliance with regulations.

277. State Single Point of Contact (SPOC)

For Federal grants made to state and local governments under provisions of Executive Order 12372, the Intergovernmental Review of Federal Programs, the application must be submitted to the State Single Point of Contact (SPOC) for review.

278. Step-Funded Grant

A project grant normally given for a three year period. The initial grant is 100% of the amount for one year, 2/3 for the second year and 1/3 for the final year. After the first year, if the project is approved to be continued, the grant will fund 1/3 for the second year, 1/3 for the third year and 1/3 in the fourth year.

279. Sub-Grantee

The receiver of pass through grant funds from a grantee rather than from the grantor. The sub-grantee is required to follow the policies and rules of the original grant plus any additional conditions added by the grantee.

280. Sub-Recipient

Any government department, agency, or nonprofit organization that received financial assistance to carry out a program through a primary recipient or other sub-recipient, but does not include an individual that is a beneficiary of such a program. A sub-recipient may also be a direct recipient of Federal awards under other agreements.

281. Subgrant

An award of financial assistance in the form of money, or property in lieu of money, made under a grant by funds provided.

282. Supplant

To replace.

283. Supplement

To add to; to enhance; to enrich, to expand.

284. Supplies

Personal property other than equipment and intangible property. The category of "supplies" includes items that could be considered equipment, but do not meet threshold definition (acquisition values of \$5,000 or more).

285. Sustainability

The ability of the program to continue after the funding ends.

286. Synopsis of Funding Opportunity

Summary information of the Funding Opportunity Announcement (FOA) posted on the government Dwide website known as Grants.gov. The posting includes a direct link to the funding opportunity announcement or includes an uploaded copy of the funding opportunity announcement.

287. Target Population

The specific population intended as beneficiaries of a program.

288. Tax-Exempt

Refers to organizations that do not have to pay taxes such as federal or state corporate tax or state sales tax. Individuals who make donations so such organizations may be able to deduct these contributions from their income tax.

289. Tax-Exempt Bond Liabilities

The amount of tax-exempt bonds (or other obligations) issued by an organization on behalf of a state or local government unit, or by a state or local governmental unit on behalf of an organization, and for which an organization has a direct or indirect liability. Tax-exempt bonds include state or local bonds and any obligations, including direct borrowing from a lender, or certificates of participation.

290. Teaming Agreement

When two or more parties make an agreement to participate in a research project or teaching activity.

291. Technical Assistance

Operational or management assistance giving to nonprofit organizations. It can include fundraising assistance, budgeting and financial planning, program planning, legal advice, marketing, and other aids to management. Assistance may be offered directly by the staff of a foundation or corporation, or it may be provided in the form of a grant to pay for the services of an outside consultant.

292. Terms of a Grant or Subgrant

All the requirements of a grant or subgrant, whether in statute, regulations, or the award documentation.

293. Terms of Award

The legal requirements of an agreement that may include both standard and special provisions considered necessary to protect the funder's interests.

294. Third Party In-Kind Contributions

Property or services which benefit a federally assisted program or project and which are contributed by non-federal third parties without charge to the grantee. Non-cash contributions which may be in the form of real property, equipment, supplies, and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the grant project or program.

295. Three-Column Budget

A budget that identifies the three distinct columns the amount requested of the funding source, the amount to be contributed by the grantee, and the total project cost. This type of budget is only necessary when matching or cost sharing is involved.

296. Time and Effort

A system for recording the amount of time an individual spends on federally funding activities and for ensuring federal grants bear their fair share for payroll charges. Individuals who are 100% funded from a single funding source or who are working on a single cost objective must certify once every six months that they worked solely on that program for

the period covered by the certification. Individuals who are not 100% funded from a single funding source or who are working in multiple cost objectives must maintain personnel activity reports, typically referred to a "time and effort". Substitute systems which meet certain standards identified in OMB Circular A-87, may be used in place of time and effort reports in certain situations. Recipient Time and Effort Report Form (Appendix B).

297. Title

A major section of a piece of legislation, e.g., Title I Higher Education Act, 1965.

298. Total Project or Program Costs

The total allowable costs (both direct and indirect) incurred by the recipient to carry out a grant-supported project or activity. Total project or program costs include costs charged to the award and costs borne by the recipient to satisfy a matching or cost-sharing requirement.

299. Triple Net Lease

A lease requiring that the tenant pay for all maintenance expenses, plus utilities, taxes, and insurance. This results in lower risk for inventors, who usually form a limited partnership.

300. Trustee

A foundation board member or officer who helps make decisions about how grant monies are spent. Depending on whether the foundation has paid staff, trustees may take a more or less active role in running its affairs.

301. Turnkey

A complete and ready-to-use project constructed by a developer then sold or given to a buyer.

302. Unallowable Cost

A cost specified bylaw or regulation. Federal cost principles, or term and condition of award that may not be reimbursed under a grant or cooperative agreement.

303. Uniform Administrative Requirements for Grants

Often referred to as the "common rule", provides for government-wide consistency and uniformity in the management and administration of grants and is codified by each agency in its respective title of the Code of Federal Regulations. Some private foundations use this set of rules.

304. Unilateral Award

Unilateral awards are most often given when unsolicited proposals receive favorable treatment and competitive proposals are not considered.

305. Unrestricted Funds

Funding that has no requirements or restrictions for use. Gift are usually considered unrestricted funds while grants, contracts and cooperative agreements are considered restricted.

306. Unsolicited Grants

Some foundations may choose to not accept any unsolicited grants, meaning they contact the entities they would like to submit applications for grant funding. If you are not invited, you can't apply. Foundations do this for several reasons including the desire to fund groups only in a certain area; the need for less paperwork; and the desire to fund very specific causes.

307. Unsolicited Proposals

Agencies may allow institutions to submit proposals which may or may not match priorities of those agencies. May be an offer to perform tasks to which are not the results of an RFP announced by the agency. A proposal that is not in response to a RFP, RFA, or program announcement.

308. Workplace giving

Very large employers provide a way for employees to donate to select charities.

309. Zero-Based Budgeting

A budgeting method where all expenditures must be justified in each new period, as opposed to only explaining the amounts requested in excess of the previous period's funding.

Comprehensive Glossary of Corporate Giving Terms

1. 501(c)(3)

The section of the tax code that defines nonprofit, charitable (as broadly defined), tax exempt organizations. 501(c)(3) organizations are further defined as public charities, private non-operating foundations.

2. Abstract

A brief overview of a proposal. The abstract is the first thing that reviewer's read, and it causes them to formulate opinion of the proposal.

3. Accounts Payable

The amount owed by the organization to outside sources for items and services.

4. Accounts Receivable

Unpaid money owed to the organization from outside sources for services rendered.

5. Accrued Expense

An expense incurred, but not yet paid.

6. Administrative Costs or Overhead

Refers to the general overhead expenses incurred during the operation of a program but which cannot easily be directly related to its specific implementation. These costs include, but are not limited to, general administration, accounting, payroll, purchasing, computer service, facility costs, utilities, etc. Other examples are heating, lighting, air conditioning and janitorial services of the buildings. Administrative costs are typically expressed as a percentage of total program expenses.

7. Administrative Requirements

Those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records.

8. Administrative Supervisor

The person charged with oversight and evaluation of the Project Director's performance in terms of program activities, rate of accuracy of expenditure of funds, timely submission of reports, and supervision of grant personnel. The Administrative Supervisor assumes any and all grant duties until the Project Director is hired or if the Project Director is reasigned or terminated. The Administrative Supervisor reports to the Vice President of Academic Affairs and Student Services.

9. Advisory Committee

A group of individuals who have been selected by an organization to provide technical consultation in a variety of areas (e.g., fundraising, outreach, strategic planning). An advisory committee meets periodically to provide advice and feedback to the organization.

10. Allocation

The process of assigning a cost, or group of costs to one or more cost objectives in reasonable and realistic proportion to the benefit provided of other equitable relationship.

11. Allocational Grant Program

One that entitles certain applicants to receive grants if they meet the requirements of the program. Applicants do not compete with each other for funds, and each grant is either for a set amount for an amount determined under a formula specified in the authorize statute. Allocational grant programs are also known as formula grant programs.

12. Allowable Cost

A cost is allowable to a particular cost objective (i.e., specific function or category such as equipment, salaries, travel, etc.). An allowable cost is reimbursed to the College under a grant or contract with an external funding agency.

13. Amendment

Modification of existing legislation.

14. Announcement Number

Also called the funding opportunity number (FON). This number is used to search for a specific funding opportunity on Grants.gov.

15. Annual Fund

The Annual fund is an organized effort to obtain gifts on a yearly basis to support, at least in part, general operations of a nonprofit organization.

16. Annual Report

A voluntary report issued by a foundation or corporation that provides financial data and descriptions of its grant making activities. Annual reports vary in format from simple type-written documents listing the year's grants to detailed publications that provide substantial information about the grant maker's programs.

17. Applicant

The party requesting a grant or subgrant.

18. Application

A formal written request for a grant or subgrant. The application usually contains a description of the needs, objectives, methodology/strategies, evaluation, personnel, and budgeted cost proposed by the applicant to carry out a particular project. Most applications are now being submitted electronically.

19. Application Deadline

Applications will be considered on time if they are received on or before the deadline listed in the application guidance.

20. Application Package Template

A group of specific forms and documents for application to a specific funding opportunity.

21. Applied Research

Applied research is designed to solve practical problems of the modern world. For example, applied researchers may investigate way to treat or cure a specific disease or improve the energy efficiency of homes, offices, or modes of transportation.

22. Appropriation

Legislation enacted by U.S. Congress which establishes a federal activity. The legislation will sometimes set limits on the amount of money which can be appropriated for the activity. The amount of funds approved to be expended under an authorization bill.

23. ARRA

The American Recovery and Reinvestment Act of 2009: The Federal legislation authorizing billions of dollars in program funding and tax cuts, referred to originally as the “Stimulus Bill, “ “Stimulus Package, “ or “HR 1.”

24. Articles of Incorporation

A legal document that creates a specific type of organization, a corporation, under the laws of a particular state.

25. Assets

The amount of capital or principal – money, stocks, bonds, real estate, or other resources – controlled by the foundation or corporate giving program. Generally, assets are invested and the resulting income is used to make grants.

26. Assurances

Signed certification by the Grant Applicant that the organization will comply with the regulations, policies, guidelines, and requirements as the related to the application, acceptance and use of federal funds for any federally assisted project.

27. Audit (Program)

A review of the accomplishments of a grant funded program by the staff of the funding agency. A program audit may be mandatory or random. Also known as monitoring.

28. Audit Requirements

Grantees must comply with audit requirements of OMB Circular A-133 that states the standards for Federal agencies in the audit of states, local governments and non-profit organizations awarding and spending federal funds.

29. Audited Statements

An evaluation by an independent auditing firm of a nonprofit organization's financial position.

30. Audits (Financial)

The examination of records and reports of a company, in order to ensure that what is provided is relevant and accurate. Audits are generally conducted after the end of the fiscal year. Some grant programs require an audit of grant funds at the end of the project.

31. Authority Reference

An accepted source of information; usually referencing a particular statute, regulation, rule, guideline, policy, etc.

32. Authorized Organization Representative (AOR)

An AOR submits an application on behalf of a company, organization, institution, or government. AORs are authorized by the organization's E-Business Point of Contact. Only the AOR has the authority to sign and submit applications.

33. Award

Grants, contracts, and other agreements; may also mean the amount of funds provided under a grant or contract. Funds provided as a result of winning a grant.

34. Award Letter

Notification from the funding source in writing that the project has been funded, for how long and in what amount.

35. Basic Research

The main motivation is to expand man's knowledge, not to create or invent something.

36. Beneficiary

In philanthropic terms, the grantee receiving funds from a foundation or corporate giving program is the beneficiary.

37. Bequests

A gift or donation without obligation to repay.

38. Block Grants

The grouping of many categorical grant programs into an overall functional area. An unrestricted federal grant. Money from the federal budget granted to state or local governments to spend on local services. The state or local government may use the money at its discretion for such programs as education or urban development.

39. Boilerplate Materials

A proposal that is copied from another. This is a definite NO-NO in the grant community.

40. Bricks and Mortar

An informal term for grants that provide funds for building or construction projects.

41. Budget

The grant recipient's financial plan for carrying out the project or program. The plan for financial operation consists of an estimate of proposed income and expenditures for a given time period and purpose.

42. Budget Cycle

The annual fiscal year (for example, October 1 through September 30) which is important because it indicates when funding sources will make their grants.

43. Budget Detail

A specific itemized list of expenditures and income that accompanies a budget narrative.

44. Budget Deviation

A departure from approved budget expenditures and usually requires prior approval by the funding agency.

45. Budget Justification (Budget Explanation)

Detailed statements that clarify and explain the budget and the specific expenses listed. They explain how dollar amounts were determined and place the expenses in context to the proposed program's implementation

46. Budget Narrative or Budget Explanation

The budget narrative provides a detailed description and support for items in the proposal budget. Budget narratives typically include calculations for staff hours and costs, lists of materials & supplies with costs, description of travel with cost details, explanation of other direct costs, and indirect cost rates and calculations. Some require a description of what personnel will do on the project

47. Budget Negotiation

Verbal or written discussions between submitting organizations and funding sources prior to the time a specific dollar award is made. Budget negotiations are initiated by the grantor and often involve modifications to the budget that result in budget reductions.

48. Budget Periods

The time interval that limits and defines the dates of operation authorized for implementation, budget expenditures, and goal/objective performance of a grant program. A typical budget period is 12 months.

49. Bylaws

A legal document outlining the self-imposed rules that will regulate an organization's own actions.

50. Capital Campaign

A capital campaign is a time-limited effort by a nonprofit organization to raise significant dollars for a specific project.

51. Capital Support

Funds provided for endowment purposes, buildings, construction, equipment, fixtures, furniture, or for endowment purposes.

52. Cash Contributions

Case resources that are expended for direct costs of program implementation. The cash may be secured from college reserves, contractual payments, collaborative partners, donations, etc.

53. Cash Match (or Matching Funds)

Financial resources expended by either the lead agency or a partnering agency for documented program expenses. They support program activities that are paid for from a source other than the grantor. The required extent of cash match required is set by the funding agency and is usually a percentage of the total budget. Private donors may offer matching funds as a challenge to other donors. Additionally, it is important to note that matching expenditures are auditable and should be well documented with a verifiable paper trail.

54. CBO

Community Based Organization: An organization that provides human services and is embedded within a particular community of population.

55. Certifications and disclosure of lobbying activities

A form included in application packages on which applicants indicate if their organization is involved in lobbying.

56. Challenge Grant

A grant that is paid only if the donee organization is able to raise additional funds from other sources. Challenge grants are often used to stimulate giving from other donors. A grant that must be matched with the money raised by the recipient.

57. Change Order

A written order signed by the contracting officer which directs the contractor to make changes to the program.

58. Commingling

To deposit or record funds in a general account without the ability to identify each specific source of funds for any expenditure. The commingling of funds is prohibited.

59. Common Grant Application

Grant application format that has been adopted by groups of grant makers to allow grant applicants to produce a single proposal for a specific community of grant makers.

60. Community Development Block Grant

A pass-through HUD program that allocates funding to "entitlement cities and counties", as well as states for smaller cities and rural areas, on a formula basis; funds can be used for a variety of affordable housing, economic development, infrastructure and other projects.

61. Community Foundation

A 501(c)(3) organization that makes grants for charitable purposes in a specific community or region. The funds available to a community foundation are usually derived from many donors and held in an endowment that is independently administered: income earned by the endowment then used to make grants. Although a community foundation may be classified by the IRS as a private foundation, most are classified as public charities and are thus eligible for maximum tax-deductible contributions from the general public.

62. Community Fund

An organized community program which makes annual appeals to the general public for funds that are usually not retained in an endowment but are instead used for the ongoing support of local agencies.

63. Community-Based Organization (CBO)

A private nonprofit organization which is representative of a community or significant segments of a community and which provides educational or related services to individuals in the community.

64. Company-Sponsored Foundation (Corporate Foundation)

A private foundation whose assets are derived primarily from the contributions of a for-profit business. While a company sponsored foundation may maintain close ties with its parent company, it is an independent organization with its own endowment and as such is subject to the same rules and regulations as other private foundations.

65. Competition

A process in which applications are evaluated against established review criteria, also known as objective review, and scored and rated accordingly.

66. Competitive Grant

A grant that is awarded on the basis of competition among eligible grantees/subgrantees. Grantees/subgrantees are selected based on technical evaluation of all grant applications submitted to/received by the grantor agency by an established deadline date. Awards are made to the grantees/subgrantees whose applications are most advantageous to the program, considering cost, program objectives and strategies, and other factors.

67. Conflict of Interest

Project directors must take reasonable steps to ensure that applying for a given grant will not constitute an impropriety or conflict of interest for them or for the college. Such situations include, but are not limited to; areas of personal financial gain for the applicant; and circumstances that might appear to compromise the college's reputation or give the college and unfair advantage. Project directors must take prudent steps to minimize even the slightest appearance of unethical behavior regarding all requests for personal reimbursements (for purchase or travel).

68. Conflict of Time

When serving as project director, total time commitment to such projects should be reasonably managed and congruent with the individual's professional responsibilities. The amount of time spent on grants must always be decided in consultation with the individual's supervisor.

69. Consortium

A group of organizations sharing in the finances and/or administration of a single grant to accomplish what which not one can do as effectively as when working together.

70. Consortium Agreement

A formal agreement, considered a sub-award, whereby a project is carried out by an award recipient and one or more other organizations that are separate legal entities. Under the agreement, the award recipient must perform a substantive role in the planned project or program activity and not merely serve as a conduit of funds to another party or parties.

71. Consortium Grant

A group of investors that band together to support a project.

72. Continuation Grant

A project approved for multiple year funding although they are typically funded for one year at a time and are contingent upon successful performance in the previous year.

73. Contract

A mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It included all types of commitments that obligate the government (or other contractor) to an expenditure of funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to): awards and notices of awards: job orders or task orders issued under basic ordering agreements; letter contracts; orders such as purchase orders, under which the contract becomes effective by written acceptance or performance: and bilateral contract modifications. The office of the Comptroller requires contracting for discretionary grants unless otherwise exempted.

74. Contract Manager

Develops, negotiates and implements the requirements of the contract, such as authorization of payment. Serves as the College's administrative agent in conjunction with the College's Vice President of Academic Affairs and the business office.

75. Contract under a Grant

A written agreement between an award recipient and a third party to acquire commercial goods or services.

76. Contract/Grant Officer

An individual designated by the sponsor who is responsible for the business management of a specific grant, contract or cooperative agreement. This includes reviewing the grant/contract/agreement, negotiation, the award and the administration thereof. This individual also interprets the associated policies, rules and provisions.

77. Contractor

The funding source that has agreed to provide financial support for a grant program.

78. Cooperating Collection

A core collection of periodicals and information from a foundations network of libraries, community foundations and other agencies that provide a broad selection of supplemental materials and services that can be useful to grant seekers.

79. Cooperative Agreements

An award to conduct research in cooperation with the sponsor. Generally this agreement does not provide funding, but instead the grantee will work together with the sponsor, or the sponsor will provide use of its services, equipment, or facilities. Financial assistance support mechanism used for a program that will include substantial Federal involvement. Substantial involvement means that agency program staff will collaborate or participate in project or program activities as specified in the Notice of Award.

80. Cooperative Giving Program

Corporate giving programs do not have a separate endowment. This grantmaking program is established and administered within the profit making corporation. Their annual grant totals are generally directly related to the previous year's earnings.

81. Cooperative Venture

A joint effort between or among two or more grant makers. Cooperative venture partners may share in funding responsibilities or contribute information and technical resources.

82. Copyright

A statement of legal control over a document (usually by its author) such that anyone seeking to reproduce said document must first obtain permission of the copyright holder.

83. Corporate Foundation

A corporate foundation receives its funding from the for-profit company whose name it bears although it is legally an independent body. Corporations can establish foundations with initial endowments then periodically make contributions to the foundation. The contributions are generally based on a percentage of the company's profit.

84. Corporate Giving Program

A grant making program established and administered within a for-profit corporation. Because corporate giving programs do not have separate endowments, their annual grant totals generally are directly related to company profits. Corporate giving programs are not subject to the same reporting requirements as corporate foundations.

85. COS

A subscription only global resource on the web for hard-to-find information critical to scientific research and other projects across all disciplines.

86. Cost Accounting Standards (CAS)

Standard accounting procedures used for classifying, recording, and allocating current or predicted costs intended to ensure uniformity in budgeting and spending funds.

87. Cost Principles

Establishes principles for determining the allowability/unallowability of certain costs for grants, and the requirements for prior approval by the grantor agency of certain costs. OMB circular A-87, Cost Principles for State and Local Governments, establishes costs

principles for grants with school districts and regional education service centers. OMB circular A-21 Cost Principles for Educational Institutions establishes cost principles for higher education institutions. OMB circular A-122 Cost Principles for Non-Profit Organizations establishes cost principles for non-profit organizations which include most community based organizations.

88. Cost Reimbursement Contract

Issued on the basis of estimated costs of performing specified tasks; arrived at by negotiation between government and the contractor. Involves payment to the contractor for actual costs incurred up to the ceiling amount.

89. Cost Sharing or Matching

The value of the third party in-kind contributions and the portion of the costs for a grant project not borne by the grantor organization. That portion of project or program cost not covered by the federal government

90. Cost-Reimbursement Type Contract/Grant

A type of grant/contract that provides for payment by the sponsor for allowable incurred costs. These contracts estimate a ceiling which cannot be exceeded without the approval of a contracting officer except at the contractor's own risk.

91. Deadlines

Dates by which applications for grants or contracts must be submitted. The date when an application must be submitted. Either the postmark deadline (date by which an application must be postmarked) or the receipt deadline (date by which an application must be received by an agency).

92. Declining Grant

A multi-year grant that grows smaller each year. It is expected that the recipient's home organization will raise other funds to make up the difference.

93. Deferred Revenue

Money that the organization has received, but has not yet earned as of the closing date on the balance sheet. This amount is carried as a liability until the organization provides the goods or services for which the money was received.

94. Deficit

An excess of liabilities over assets (usually over a certain period).

95. Demonstration Grant

A grant made to establish an innovative project or program that will serve as a model to demonstrate the feasibility of an approach or theory. If successful, it may be an example for others.

96. Direct Cost

Cost items directly related to producing the end project or providing services specified in the grant or contract. Categories of direct costs include labor, other direct costs, indirect costs, overhead costs, travel, communication equipment and general administrative costs. These expenses can be itemized for which vouchers or payroll records can be presented for payment.

97. Disadvantaged

Individuals who because of physical, emotional, social, economic or other reasons are unable to adequately compete within the context of an educational institution.

98. Disbursement

Payment or cash or check, which discharges a liability, debt or expense.

99. Discretionary Grant Program

One that permits the grantor agency to use discretionary judgment in selecting applications for funding. A discretionary grant may or may not be competitive, depending on the authorizing language of the grant program and/or the discretion of grantor agency management/priorities.

100. Discretionary Grants

Competitive grants where funds are distributed according to a donor or trustee's discretion rather than by predetermined priorities. A grant (or cooperative agreement) of which the federal awarding agency may select the recipient from among all eligible recipients, may decide to make or not make an award based on the programmatic, technical, or scientific content of an application, and can decide the amount of funding to be awarded.

101. Distribution Committee

A committee responsible for making grant decisions. For community foundations, the distribution committee is intended to be broadly representative of the community served by the foundation.

102. Domestic Organization

Any state or local government agency or private organization that is located in the United States or its territories, is subject to U.S. laws, and assumes legal and financial accountability for funds awarded.

103. Donee

The recipient of a grant. Also known as the grantee or the beneficiary.

104. Donor or Grant Maker

An individual or organization that makes a grant or contribution to a donee. Also known as the grantor. Provides funds for a grant.

105. Drawdown, Draw

The method used by a grantee to request money from the funding agency. A draw is frequently weekly, monthly, quarterly, or a single lump sum. Quarterly draws are the most common.

106. E-Business Point of Contact (E-Biz POC)

An E-Business Point of Contact is responsible for the administration and management of grant activities in his/her organization. The E-Biz POC authorizes representatives of their organization.

107. Eligible Applicants

Any organization that meets the eligibility requirements listed in Section III of the Funding Opportunity Announcement (FOA). Eligibility for each program is different and is presented in the legislative authority for each program.

108. Employee Benefits (or Fringe Benefits)

Direct expenditures by an organization on behalf of its employees for such items as workmen's compensation, disability insurance, unemployment compensation, Social Security, life and health insurance, and retirement. Usually fringe benefits are calculated as a percentage of salaries.

109. Employee Matching Grant

A contribution to a charitable organization by an employee that is matched by a similar contribution from his or her employer. Many corporations have employee matching gift programs in higher education that encourage their employees to give to the college or university of their choice.

110. Employer Identification Number (EIN)

A nine digit number assigned by the Internal Revenue Service. All IRS-designated 501(c)(3) nonprofit organizations have an EIN.

111. Enabling Legislation

Legislation that gives appropriate officials the authority to implement or enforce the law.

112. Encumbrances

Commitments related to unperformed (executory) contracts for goods or services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

113. Endowment

Funds intended to be invested in perpetuity to provide income for continued support of a not-for-profit organization. The act of providing a permanent source of income.

114. Entity Identification Number (CRS-EIN)

A three-part coding scheme of 12 characters used in the Payment Management System (PMS) to identify organizations and individuals. The first character identifies the recipient as an organization or an individual. The next 9 characters are the Internal Revenue Service tax number identification (TIN) for organizations or the social security number (SSN) for individuals. The last 2 characters are a suffix to provide distinction between organizational entities that are assigned a single EIN and those that have more than one EIN. The entities could be subsidiaries, divisions, branches, subdivisions, or other organizational groupings of a major organizational entity.

115. Equipment

An article of tangible, nonexpendable personal property that has a useful life or more than 1 year and an acquisition cost of \$5,000 or more per unit or the value established by the recipient's written policies, whichever is less.

116. Estimated Revenue

The maximum amount of grant or contract funds that the grantee will receive if the full award is expended.

117. Expenditure

Consumption of an asset or a payment for an expense or the promise of a future payment. Incurrence of a liability.

118. Expenditure Responsibility

In general, when a private foundation makes a grant to an organization that is not classified by the IRS as a "public charity", the foundation is required bylaw to provide some assurance that the funds will be used for the intended charitable purposes. Special reports on such grants must be filed with the IRS. Most grantee organizations are public charities and many foundations do not make "expenditure responsibility" grants.

119. Family Foundation

An independent private foundation whose funds are derived from members of a single family. Family members often serve as officers or board members of family foundations and have a significant role in their grantmaking decisions.

120. Federal Cost Principles

The set of principles identified for determining costs of grants, contract, and other agreements. These principles are set out in the following circulars: Circular A-122 applies to non-profit organizations; Circular A-21 applies to Educational Institutions; and Circular A-87 applies to State, Local, and Indian Tribal Governments.

121. Federal Funds

Monies appropriated by the United States Congress.

122. Federally recognized Indian Tribal Government

The governing body of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in section 3 of the Alaska Native Claims Settlement Act) certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

123. Federated Giving Program

A joint fundraising effort usually administered by a nonprofit "umbrella" organization that in turn distributes the contributed funds to several nonprofit agencies. United Way and community chests or funds, the United Jewish Appeal and other religious appeals, the United Negro College Fund, and joint arts councils are examples of federated giving programs.

124. Fellowship

Funds awarded to educational institutions to support fellowship programs. Some fellowships also include funding for living expenses, books, and travel related to the fellow's area of academic interest. They are awarded to the undergraduate, graduate, post graduate and professional level of study.

125. Final Report

The final financial or technical report required by the sponsor when a research project is complete. A report that is due within 90 days after the project period ends. This final report collects information relevant to program-specific goals and progress on strategies; core performance measurement data; impact of the overall project; the degree to which the grantee achieved the mission, goals and strategies outlined in the program; grantee objectives and accomplishments; barriers encountered; and responses to summary questions regarding the grantee's overall experiences during the entire project period.

126. Financial Assistance

Transfer of money, property in lieu of money, or other direct assistance to an eligible recipient to support or stimulate a public purpose authorized by statute.

127. Fiscal Agent or Fiscal Sponsor

Generally, fiscal agents or fiscal sponsors are organizations that take responsibility for the fiscal duties of an unrelated party. Fiscal sponsorship is a formal arrangement in which one non-profit sponsors another non-profit or project of the non-profit that may lack tax-exempt status. The alternative allows a non-profit to seek grants and solicit tax-deductible donations under their fiscal agent's or fiscal sponsor's tax-exempt status.

128. Fiscal Budget

Detailed account of specifically categorized expenditures and amounts that have been previously authorized.

129. Fiscal Year (FY)

This includes the period of budget allocation. The Federal and State fiscal years are October 1 of each year through September 30 of the following year. The fiscal year for grants vary depending upon the funding agency (Federal/State/Local/Private). A 12 month period for which an organization plans the use of its funds. This period may be a calendar year but can be any 12-month period. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. If an organization files an IRS Form 990, it is required to define its accounting period on Line A at the top of the form.

130. Fixed Assets

Estimated value of land, buildings, equipment and other tangible items owned by the organization.

131. Flow-Through Funds

Federally funded projects, including projects funded by other entities whose funding originates can be traced back to the federal government.

132. For-profit Organization

An organization, institution, corporation, or other legal entity that is organized or operated for the profit or financial benefit of its shareholders or other owners. Such organizations also are referred to as "commercial organizations."

133. Form 990

The public record information return that many United States public foundations are required bylaw to submit annually to the Internal Revenue Service.

134. Form 990-PF

The public record information return that all United States private foundations are required bylaw to submit annually to the Internal Revenue Service.

135. Fringe Benefits

Benefits such as life and health insurance, retirement, unemployment compensation and workers compensation that are paid in addition to salary.

136. Full-time Equivalent

The amount of time spent or required in a less than full-time activity divided by the amount of time normally spent or required in a corresponding full-time activity during the regular school term. For example, an employee who assigned to a grant funded project full time at 100% or 1.0 FTEs.

137. Funder

An organization, agency, corporation or individual that makes funds available for a grant.

138. Funding Agency

The organization that funds a grant.

139. Funding Cycle

Starting with the announcement of available funds it includes all phases of the grant, the deadline for application submission, proposal reviews, award, issuance of grant documents, release of funds and fiscal reporting. If funds are re-appropriated after the first round, the cycle starts over.

140. Funding Opportunity Announcement (FOA)

An agency's formally issued announcement of the availability of Federal funding through one of its financial assistance programs. The announcement provides eligibility and evaluation criteria, funding preferences/priorities, the submission deadline, and information on how to obtain application kits.

141. Funding Opportunity Number (FON)

The number that a federal agency assigns to its grant announcement kits.

142. Funding Preference

The funding of a specific category or group of applications ahead of other categories or groups of applications that are recommended for approval. If the authorizing legislation provides a funding preference for some applicants, applicants that meet the criteria for the preference will be placed in a more competitive position among applications that can be funded. Applications that do not receive a funding preference will be given a full and equitable consideration during the review process.

143. Funding Priority

A favorable adjustment of combined review scores of individually approved applications when applications meet specified criteria. An adjustment is made by a set, pre-determined number of points.

144. General/Operating Support

A grant made to further the general purpose or work of an organization, rather than for a specific purpose or project, also called an unrestricted grant.

145. Goal

A general statement of what a project/program intends to accomplish or contribute toward accomplishing. A goal reflects the long-term desired impact of a project/program on individuals, the community as a whole, or other target groups.

146. Government

A State or local government or a federally recognized Indian tribal government.

147. Grant

Award of financial assistance. Funding from an outside source for a specific project (education, training, administration, equipment, service, etc.) usually from a specific period of time for performance and/or completion, and where a notice of award is generated and the grant award is accepted by the recipient. Grants require that the project will be implemented as originally accepted or as amended with grantor's approval, and that all guidelines of the grantors' agency, and/or State and Federal guidelines must be followed. In addition, grants must comply with established record keeping and reporting systems, with grant guidelines as outlines above, and with all guidelines and procedures for grants and program management established.

148. Grant Administration

The activities which take place immediately following notification of the grant award throughout the final report submission after the project period ends.

149. Grant Agreement

A legally binding contract between a grantee and a grantor. Based on the proposal submitted by the grantee the agreement specifies the terms and conditions of the grant.

150. Grant Award Notice

A written document that notifies the grantee and others that a grant is awarded, specifies the terms and conditions of the grant, and provides a legal basis for the obligation of grant funds. The notice usually includes the amount and effective date of the grant (period of obligation); accounting classification numbers; certifying official's signature; and terms and conditions of the grant. The terms and conditions incorporated by reference the legislative authority and regulations; the grant application and any amendments; applicable policy statements, manuals, and handbooks; and any special conditions.

151. Grant Guidance

The guidance explains exactly what is required to submit the application. It contains additional definitions, explanations, and deadlines. Before submitting the grant, read the guidance.

152. Grant Period

For projects funded by the UTOPIA State Education Department, the period between the beginning and ending dates of a grant during which the grantee may obligate funds.

153. Grant Program

Those activities and operations of the grantee which are necessary to carry out the purposes of the grant, including any portion of the program financed by the grantee.

154. Grant Seeker

A grant applicant.

155. Grant-Approved Projects/Activities

Activities specified or described in a grant application, plan or other document that are approved by the awarding office for funding, or changes that may be proposed by the grantee and subsequently approved by the Grants Management Officer.

156. Grant/Contract Officer

An individual designated by the sponsor who is responsible for managing the business aspect of the grant, cooperative agreement or a contract.

157. Grantee

The recipient of the grant (also known as the beneficiary). The legal entity to which a grant is awarded and which is accountable for the use of funds. The grantee is the entire legal entity even if only a particular component of the entity is designed in the grant award document.

158. Grantee Financial Report

A report detailing how grant funds were used by an organization. Many corporate grant-makers require this kind of report from grantees. A financial report generally includes a listing of all expenditures from grant funds as well as an overall organizational financial report covering revenue and expenses, assets and liabilities.

159. Grantmaker

Donor

160. Grantor Agency

The entity that awarded a grant or subgrant to an eligible grantee to carry out projects.

161. Grantor, Grant Maker

An individual or organization that makes a grant or contribution to a grantee. (Also known as the donee). Party issuing the grant.

162. Grants Payable

Unpaid amount of grants or awards that an organization plans to pay other organizations or individuals.

163. Grantseeker

Donee

164. Grassroots Fundraising

Efforts to raise money from individuals or groups from the local community on a broad basis. Usually an organization's own constituents are people who live in the neighborhood

served or clients of the agency's services, are the sources of these funds. Grassroots fund-raising activities include membership drives, raffles, auctions, benefits, and a range of other activities.

165. Guidelines

Procedures set forth by a funder that grantseekers should follow when approaching a grantmaker. The goals and procedures of the funding agency.

166. Hypothesis

A hypothesis is an assumption made in order to test its validity. It should assert a cause-and-effect relationship between a program intervention and its expected result. Both the intervention and result must be measured to confirm the hypothesis.

167. In-Kind Contribution

The value of non-federal, non-cash contributions provided by the grantee organization in support of a grant program (i.e., without charge to the grant program). May be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the grant project or program (extracted from 34 CFR 74 and 80). A contribution of equipment, supplies, or other tangible resources, as distinguished from a monetary grant. Some organizations may also donate the use of space or staff time as an in-kind contribution.

168. In-Kind Funds

Sometimes grants require matching funds. One way an organization can increase matching funds is to list the value of services or other support as in-kind funds. Volunteer services, space, transportation, and donated goods you distribute are common examples of in-kind matches.

169. Income

Money that the organization has received from contributions, grants, the performance of services, etc. These are net figures from when rental expenses, costs, sales expenses, direct expenses, and costs of goods sold have been deducted.

170. Incorporated

To become a registered nonprofit with the IRS, you must first become a corporation.

171. Incremental Funding

Grants that are funded with specific spending limits below the total costs.

172. Independent Foundation

A grantmaking organization usually classified by the IRS as a private foundation. Independent foundations may also be known as family foundations, general purpose foundations, special purpose foundations, or private non-operating foundations. The Foundation Center places independent foundations and company-sponsored foundations in separate categories, however, federal law normally classifies both as private, non-operating foundations subject to the same rules and requirements.

173. Indirect Cost Rate Agreement

The rate negotiated by the cognizant Federal agency used for reimbursing indirect costs. The rate may be applicable to an entire organization, on-site activities or off-site activities only, a particular site, or specified activities. The rate must be effective for the period for which reimbursement is claimed. Rates may be fixed, predetermined, provisional, or final, consistent with the applicable Federal cost principles.

174. Indirect Cost Rates

Grant-making organizations understand that when they fund a proposal they are not reimbursing the recipient for all related costs because the grantee has to absorb such costs as heating, lighting, and salaries. That's why some agencies allow a proposal to include indirect costs. These costs cannot be attributed to a single project, but support multiple projects. The device for determining the proportion of an organization's general expenses that each of its projects bear.

175. Indirect Costs

Those costs not identified with a particular program or activity. These are costs that are incurred for several purposes necessary to the operation of the institution; for example,

library resources, building maintenance, etc. Costs not directly associated to a specific project including accounting, payroll, purchasing, administrative services, building maintenance and operation. Depreciation of equipment.

176. Indirect Rate

Calculated using the Federal Division of Costs Allocation Formula. Some federal agencies may cap or limit an applicant's indirect rate. For example, the U.S. Department of Education has an 8% maximum of direct costs.

177. Interim Funding

Limited funds expended on a project before the award document has been received from the sponsor.

178. Internal controls

A process designed by the grantee organization to provide reasonable assurance the following objectives will be achieved

- * Effectiveness and efficiency of operations;
- * Reliability of financial reporting;
- * Consistency from one grant program to another; and
- * Compliance with applicable laws and regulations.

179. Investigator-Initiated Proposal

A proposal that is not in response to a RFP, RFA, or program announcement.

180. IRB

The IRB is an administrative body established to protect the rights and welfare of human research subjects recruited to participate in research activities conducted under the auspices of the institution with which it is affiliated. The IRB has the authority to approve, require modifications in, or disapprove all research activities that fall within its jurisdiction.

181. Letter of Intent/Letter of Inquiry

A written statement of the intention to enter into a formal agreement. The grantor expresses their willingness to commit to funding a project if certain conditions are met.

182. Leveraging Ratio

Grant money that is used to gain other money. A 1 to 1 ratio would be that for each grant dollar awarded the grantee will need to acquire one dollar from another source.

183. Limitation of Cost (LOC)

This is a mandatory clause for cost reimbursement contracts. The sponsor is not required to reimburse the contractor for monies over the stated amount in the clause.

184. Local Government

A county, municipality, city, town, township, local public authority (including any public and Indian housing agency), school district, special district, intra-State district, council of governments (whether or not incorporated under State law), any other regional or interstate government entity (such as regional planning agencies), or any agency or instrumentality of a local government. The term does not include institutions of higher education and hospitals.

185. Logic Model

A logic model is sometime requested when applying for a grant. Simply put, this document shows the relationships among your project's sources, actions, outputs, and expected outcomes. Logic models show, in table form, the expectations you have for the project you wish to be funded. Logic models can be useful for project planning and making you aware of any project gaps.

186. LOI (Letter of Inquiry)

A letter of inquiry is a brief yet concise presentation of the program or problem that you would like funded as well as your organization's qualifications and background. A letter of inquiry can often be the most important step in securing grant funds. According to the Foundation Center, many foundations prefer funding requests come first in the form of a LOI instead of a full proposal. Foundations typically use letters of inquiry to see if there is interest in the project before a full proposal is submitted.

187. Maintenance of Effort (MOE)

A provision common to many federal education authorizing statutes. This provision states, in general, that a grantee (usually an LEA) may receive grant funds under a particular federal program for any fiscal year only if either the combined fiscal effort per student or the aggregate expenditures of the LEA with respect to the provision of free public education by the LEA for the preceding fiscal year was not less than 90% of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year. According to this provision, when an LEA has not maintained effort, the state agency must reduce the amount of the allocation of funds under the grant program in any fiscal year in the exact proportion to which the LEA fails to meet the requirement by falling below the 90% of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the LEA).

Grantees should carefully review the applicable program statute and regulations to determine if the maintenance effort requirement applies and to ensure they are in full compliance with such requirements.

188. Major Program

An individual award or a number of awards in a category of Federal assistance or support for which total expenditures are the larger of three percent of total Federal funds expended or \$100,000, on which the auditor will be required to express an opinion as to whether the major program is being administered in compliance with laws and regulations.

189. Mandatory Grant

A grant (or cooperative agreement) for which the authorizing statute requires the agency to make an award to each eligible entity under the conditions and in the amount (or based on the formula) specified in the statute.

190. Match

The portion of funding pledged by the applicant toward the overall cost of the grant-funded project. Usually defined by percentages, 20%, 50%, etc. Unless otherwise stated, a match is usually cash. 95% of government grants now require a match.

191. Matching Contributions

The portion of costs relating to grant-supported activity that is borne by the recipient agency. The required extent of matching contributions is sent by the funding source and is usually a percentage of the funds provided by the granting agency. Matching funds may also be contributed by private donors as a challenge to other donors. Matching expenditures whether cash or in-kind must be documented and tracked for audit purposes.

192. Matching Funds

Contributions required by party other than the grantor. In some cases, the organization receiving the grant needs to provide a certain amount of its own money, or collaborator's funds, toward the effort. Programs vary a lot in the amounts and types of matching funds required; many required no matching funds at all. But if a match is required, failure to provide it will likely result in the rejection of the application.

193. Matching Grant

A grant that is made to match funds provided by another donor.

194. Measurable Objectives

Goals stated in such a way that the achievement or non-achievement of the goal may be determined with a relative degree of precision by objective observation and measurement (also called criteria based objectives).

195. Misconduct in Science

When public funds support research there are expectations about how they will be expended. "Scientific misconduct" refers specifically to violations of the expectation of honesty in reporting scientific findings.

196. Monitoring

Overseeing the accomplishments of a funding project.

197. Multi-Year Budget

A budget that contains the cost of a specific project of more than one year's duration.

Separate budgets are prepared for each year with a budget summary of the combined annual budgets being presented at the beginning of the document.

198. Multi-Year Funding

Consists of financial support that extends beyond one year. Such funding requires sub-mission of annual request for continuing support (even though grantor approval has been tentatively given for the anticipated multi-year grant period).

199. Needs Assessment

A continuous, formal process for identifying in what areas and by how much the present system is short of an ideal state. Tools (surveys, questionnaires, etc.) used to involve individuals in discussions about their lives and the communities in which they live. Community participants become involved in programming as they provide information about their social, economic, and environmental concerns.

200. Negotiated Budget

The funding source determines the amount to be funded for the project as well as the length of the project. Often the amount funded is less than the amount requested.

201. New and Competing Proposals

First-time proposals or existing projects that need to re-compete for funding prior to the expiration of the initial award.

202. Non-Confidential Disclosure

When access to a confidentiality agreement is given to a potential licensee of an invention in order for them to determine the feasibility of the patent.

203. Nonprofit (Nonprofit Organization)

As applied to an agency, organization, or institution, one that is owned and operated by one or more corporations or associations whose net earnings do not benefit, and cannot lawfully benefit any private shareholder or entity (34 CFR 77).

204. Notice of Grant Award (NGA)

The legally binding document that notifies the grantee institution that a grant or a cooperative agreement has been made. The notice contains references to the award's terms and conditions under which the project will be conducted.

205. Objective

A specified statement describing what is expected to be accomplished within a given funding period. Objectives are measurable and clearly state what will be changed, what the change will be, and when this will be accomplished.

206. Objective Review Committee

A selected group of unbiased experts in the programmatic area who review grant applications.

207. Obligations

The amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period (34 CFR 80).

208. On Spec

On speculation. Preliminary work done on the "speculation" that the project will be funded. Lawyers, consultants and other may do work for free on the belief that additional work will be forthcoming. Some funding agencies have ethical concerns with this type of arrangement.

209. Operating Foundation

A 501(c)(3) organization classified by the IRS as a private foundation whose primary purpose is to conduct research, social welfare, or other programs determined by its governing body or establishment charter. An operating foundation may make grants, but the sum generally is small relative to the funds used for the foundation's own programs.

210. Operating Support Grant

A grant to cover the regular personnel, administrative, and miscellaneous expenses of an existing program or project. Rather than for a specific purpose or project. This is a grant made to further the general purpose or work of an organization.

211. Outcomes

Benefits or changes for individuals or populations during or after participation in program activities. Outcomes may relate to behavior, skills, knowledge, attitudes, values, conditions or other attributes. Outcomes are what participants know, think, or can do; how they behave, or what their conditions are that is different following program implementation.

212. Outlays or Expenditures

The allowable charges made to the federally sponsored project or program.

213. Outreach

Contributes to eliminating artificial barriers to the use of educational resources by finding new ways to serve.

214. Oversight Agency

Federal agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency, unless n direct funding is received. Where there is no direct funding, the Federal agency with the predominant indirect funding will assume the general oversight responsibilities.

215. Payout Requirement

The minimum amount that private foundations are required to expend for charitable purposes (including grants and, within certain limits, the administrative cost of making grants). In general, a private foundation must meet or exceed an annual payout requirement of five percent of the average market value of its total assets.

216. Personal Property

Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

217. Pipeline

Terminology used when grant applications score acceptably but not high enough to be awarded. If additional funds become available, or other projects do not take place, one of the applications in the "pipeline" may be funded.

218. Planned Giving

Planned giving is a complex program of various financial instruments that can be adapted to each donor's needs.

219. Pledges and Grants Receivable

Funds promised to an organization from grantmakers, individual donors, etc. but not yet received.

220. Pre-Application

A prospectus following a prescribed formal developed by an agency and utilized to screen proposals. A summary statement of the intent of an applicant to request funds. The funding agency will make an assessment on the ability to compete with other grant applications and may even discourage those with little chance of success.

221. Pre-Award Costs

Those costs incurred between the date of funds are available for obligation and the date the application is received by the grantor agency (the effective date) directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

222. Pre-Proposal

A prospectus following a prescribed format developed by an agency and utilized to screen a proposal.

223. Prevailing Wages

Wage rates for laborers and mechanics that are required to be paid for projects covered by the Davis-Bacon Act. The wages are determined by the U.S. Department of Labor.

224. Prime Sponsor or Prime Contractor

A single agency which has the overall responsibility for conducting a program usually involving subcontractors.

225. Principal Investigator (PI)/Co-Investigator

Faculty or staff member who directs the technical and administrative work of a sponsored project. A CoPI is a faculty member who collaborates with the Principle Investigator (PI) in the execution of the research project.

226. Prior Approval

Documentation evidencing consent prior to incurring a specific cost (34 CFR 80).

227. Priority Score

Average score a proposal receives from an NIH IRG. This is the primary determinant of success. Range is 100 to 300 (lower is better) if 50% of applications are triaged to "not scored" group.

228. Private

As applied to an agency, organization, or institution, one that is not under federal or public supervision or control (34 CFR 77).

229. Private Foundation

A nongovernment, nonprofit organization with funds (usually from a single source, such as an individual, family, or corporation) and program managed by its own trustees or directors. Private foundations are established to maintain or aid social, educational, religious, or other charitable activities serving the common welfare, primarily through the making of grants.

230. Private Sector Grants and Funding

For-profit foundation and corporate grants that allocate money to strengthen education and community based interests.

231. Pro Forma

An anticipated, proposed or hypothetical set of numbers for a project, generally the budget.

232. Program Amount

Funds that are expended to support a particular program administered internally by a foundation or corporate giving program. Internally administered funds from a foundation or corporate giving program that support a particular program.

233. Program Announcement

A document issued by a sponsor describing the existence of a funding opportunity and requesting grant applications. It may describe new or expanded interest in a particular program or be a reminder of continuing interest in a program.

234. Program Income

Revenue generated by a project including, but not limited to, the sale of real estate or equipment, rental income, interest on loans, interest earned or money collected through special assessments. This revenue can be subject to all terms and conditions of the original grant. Income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income must be spent according to the terms of the award. In most cases, it must be put back into the program.

235. Program Officer

A staff member of a foundation who reviews grant proposals and processes applications for the board of trustees. Only a small percentage of foundations have program officers.

236. Program Related Investment (PRI)

A loan or other investment (as distinguished from a grant) made by a foundation to another organization for a project related to the foundations philanthropic purposes and interests.

237. Program Requirements

Those matters that can be treated only on a program by program or grant by grant basis, such as the kinds of activities that can be supported by grants under a particular program, or program requirements specified in a particular authorizing program statute or regulation, such as the inclusion of certain program components.

238. Program Services

Fees and other monies received by an organization for services rendered. These services must relate directly to the primary purpose for which the organization received its tax-exempt status.

239. Progress Report

A scheduled report (usually annually) required by the funder that summarizes the project to date.

240. Project

The activity described in an application. The planned program, the goals and objectives for which the grant funds are being requested.

241. Project Costs

The total allowable costs incurred by a recipient (and the value of in-kind contributions made by third parties) in accomplishing the objectives of the award during the project period.

242. Project Director or Principal Investigator (PI)

The person who is responsible for all program activities as authorized by the funded proposal; establishes and revises the operational budget in accordance with college policy and salary scales; completes timely and accurate expenditures of funds as authorized by the funding agency guidelines and the approved project budget; prepares and submits all required progress and evaluation reports through proper channels; and supervises project personnel. Sometimes the terms "project director" and "principal investigator" are used interchangeably.

243. Project Period (PP)

The total time for which support of a project has been approved. A project period may consist of one or more budget periods.

244. Project Program Officer

The federal or state agency representative who has the task of monitoring the project, providing technical assistance to the project, and insuring that the objectives are carried out within the framework of the regulations.

245. Property (Expendable Personal)

Consists of all tangible property other than non-expendable personal property.

246. Property (Real)

Real property, equipment, and intangible property. Includes land and land improvements, structures and appurtenances (but excludes movable machinery and equipment).

247. Proposal

A written document that typically answers who, what, where, when, why, and how, in addition to how long and how well, a prospective contractor or grantee proposes to carry out a project. A proposal is usually submitted by an eligible agency in response to a Request for Proposal (RFP). A written application, often accompanied by supporting documents, submitted to a foundation or corporate giving program in requesting a grant. Most foundations and corporations do not use printed application forms but instead require written proposals; others prefer preliminary letters of inquiry prior to formal proposals. Consult published guidelines. Submitted to the sponsor setting forth a project that includes at a minimum a description of the work and a budget.

248. Proposal Budget

Make sure your budget provides all information required in the proposal guidelines.

249. Public Charity

A tax exempt, nonprofit organization that qualifies for tax-exempt status under section 501(c)(3) of the IRS code. Public charities are the recipients of most foundation and corporate grants. Some public charities also make grants.

250. Qualifying Distributions

Expenditures of a private foundation made to satisfy its annual payout requirement. These can include grants, reasonable administrative expenses, set-asides, loans and program-related investments and amounts paid to acquire assets used to directly in carrying out tax-exempt purposes. The amount of money spent by a private foundation to satisfy its annual payout requirement, including grants, normal and reasonable administrative expenses, loans and program-related investments, plus any amounts paid to purchase assets used directly in carrying out tax-exempt purposes.

251. Query Letter

A brief letter outlining an organization's activities and its request for funding that is sent to a potential grantmaker in order to determine whether it would be appropriate to submit a full grant proposal. Many grantmakers prefer to be contacted this way before receiving a full proposal.

252. Real Property

Land, including land improvements, structures, and additions, but not movable machinery and equipment.

253. Reauthorization

The continuation or subsequent authorization of a federal grant program by Congress. The statute reauthorizing a program may include one or more, often significant, changes to the original or previously authorized statute.

254. Recipient

An organization receiving financial assistance to carry out a program directly from Federal agencies. The receiver of the grant funds. Also known as the awardee, the organization or individual that receives a grant or cooperative agreement award. The recipient is the entire legal entity even if a particular component is designated in the Notice of Award (NoA).

255. Regulations

The contractual rules and regulations issued by the sponsor of research projects.

256. Regulations and Requirements

Proposals must be consistent with the mission and goals of Recipient, policies established by the Board of Trustees, laws of the State, and applicable federal laws and regulations.

257. Reimbursement

A payment made to a recipient for cash disbursements. Most reimbursement payments are processed through the Payment Management System (PMS), the Department's centralized grants payment system.

258. Request for Proposal (RFP)

A formal document prepared by the grantor agency that requests proposal from eligible agencies to describe the manner in which the agency proposed to carry out a project. The RFP usually contains background information, proposal content, conditions and requirements for submitting the proposal, and a description of the selection criteria. An acronym for Request for Proposal. When an organization issues a new contract or grant program, it sends out RFP's to agencies that might be qualified to participate. The RFP lists project specifications and application procedures. While a few foundations occasionally use RFPs in specific fields, most prefer to consider proposals that are initiated by applicants.

259. Restricted vs. Unrestricted funds

Donors can choose to designate how a nonprofit can use their gifts. Restricted funds are those financial resources that are limited to use for specific programs, expenditures, and/or time periods by a grant, contract or other agreement. Restricted funds can be provided as an endowment.

260. Revenue Sharing

Tax funds appropriated by Congress and distributed to local and state governments in sums determined by a complex formula.

261. Review Criteria

Critical elements of the grant program presented in the Funding Opportunity Announcement (FOA). The criteria assist the applicant in presenting pertinent information and provide the reviewer with a standard for evaluating an application.

262. Ruling Year

The year that the IRS granted an organization 501(c)(3) status.

263. School District

Special district, intrastate district, council or government (whether or not incorporated as a nonprofit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

264. Seed Money

A grant or contribution used to start a new project or organization. Seed grants may cover salaries and other operating expenses of a new project. Money used for setting up a new project or enterprises. Seed grants can cover the operating expenses and salaries. A small financial award for the purpose of getting a project started. It is assumed that the project will be able to attract additional external funding following the award of the seed money.

265. Set-Asides

Funds set aside by a foundation for a specific purpose or project that are counted as qualifying distributions toward the foundation's annual payout requirement. Amounts for the project must be paid within five years of the first set-aside. Foundations can set aside money for specific purposes or for projects that are counted as qualified distributions toward the foundation's required annual payout. Amounts for the project must be paid within five years of the first set-aside.

266. Single Audit

A requirement that all federally funded grants to audited for institutions receiving an accumulation of federal funds greater than \$300,000.

267. Small Grant

Often limited to a beginner researcher, this type of grant award is typically for one year.

268. Soft Costs

Soft costs are considered money required for building or renovating a project but not

including labor and material. Generally the costs include the architects, attorneys, fees associated with title searches, permits and closing costs.

269. Special Consideration

A special consideration is defined as the enhancement of priority scores by peer reviewers based on the extent to which the application addresses areas of concern in a discretionary program.

270. Special Purpose Foundation

A private foundation that focuses its grantmaking activities in one or a few areas of interest.

271. Specific Aims

Critical section of your grant directly related to your success in obtaining funding. Should include, broad, long-term objectives of your research, and then list the specific aims or goals that are being proposed in the particular research proposal.

272. Sponsorship

Affiliation with an existing nonprofit organization for the purpose of receiving grants. Grantseekers may either apply for federal tax-exempt status or affiliate with a nonprofit sponsor.

273. Stakeholder

A stakeholder is any person, inside or outside the organization that has a real and active interest in the organization and its program; who has an investment (time, energy, emotional, or money) in the program; and who has a commitment to the program's success.

274. State Government

The government of any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any U.S. territory or possession, or any agency of a State exclusive of local governments. State institutions of higher education and State hospitals are not considered State governments for purposes of the HHS general administrative requirements for.

275. State Plan

Document developed by a state agency, based on guidelines from and to be approved by federal agency, in order to insure that 10 funds glow to state and/or 20 that state is in compliance with regulations.

276. State Single Point of Contact (SPOC)

For Federal grants made to state and local governments under provisions of Executive Order 12372, the Intergovernmental Review of Federal Programs, the application must be submitted to the State Single Point of Contact (SPOC) for review.

277. Step-Funded Grant

A project grant normally given for a three year period. The initial grant is 100% of the amount for one year, 2/3 for the second year and 1/3 for the final year. After the first year, if the project is approved to be continued, the grant will fund 1/3 for the second year, 1/3 for the third year and 1/3 in the fourth year.

278. Sub-Grantee

The receiver of pass through grant funds from a grantee rather than from the grantor. The sub-grantee is required to follow the policies and rules of the original grant plus any additional conditions added by the grantee.

279. Sub-Recipient

Any government department, agency, or nonprofit organization that received financial assistance to carry out a program through a primary recipient or other sub-recipient, but does not include an individual that is a beneficiary of such a program. A sub-recipient may also be a direct recipient of Federal awards under other agreements.

280. Subgrant

An award of financial assistance in the form of money, or property in lieu of money, made under a grant by funds provided.

281. Supplant

To replace.

282. Supplement

To add to; to enhance; to enrich, to expand.

283. Supplies

Personal property other than equipment and intangible property. The category of "supplies" includes items that could be considered equipment, but do not meet threshold definition (acquisition values of \$5,000 or more).

284. Sustainability

The ability of the program to continue after the funding ends.

285. Synopsis of Funding Opportunity

Summary information of the Funding Opportunity Announcement (FOA) posted on the government wide website known as Grants.gov. The posting includes a direct link to the funding opportunity announcement or includes an uploaded copy of the funding opportunity announcement.

286. Target Population

The specific population intended as beneficiaries of a program.

287. Tax-Exempt

Refers to organizations that do not have to pay taxes such as federal or state corporate tax or state sales tax. Individuals who make donations so such organizations may be able to deduct these contributions from their income tax.

288. Tax-Exempt Bond Liabilities

The amount of tax-exempt bonds (or other obligations) issued by an organization on behalf of a state or local government unit, or by a state or local governmental unit on behalf of an organization, and for which an organization has a direct or indirect liability. Tax-exempt bonds include state or local bonds and any obligations, including direct borrowing from a lender, or certificates of participation.

289. Teaming Agreement

When two or more parties make an agreement to participate in a research project or teaching activity.

290. Technical Assistance

Operational or management assistance giving to nonprofit organizations. It can include fundraising assistance, budgeting and financial planning, program planning, legal advice, marketing, and other aids to management. Assistance may be offered directly by the staff of a foundation or corporation, or it may be provided in the form of a grant to pay for the services of an outside consultant.

291. Terms of a Grant or Subgrant

All the requirements of a grant or subgrant, whether in statute, regulations, or the award documentation.

292. Terms of Award

The legal requirements of an agreement that may include both standard and special provisions considered necessary to protect the funder's interests.

293. Third Party In-Kind Contributions

Property or services which benefit a federally assisted program or project and which are contributed by non-federal third parties without charge to the grantee. Non-cash contributions which may be in the form of real property, equipment, supplies, and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the grant project or program.

294. Three-Column Budget

A budget that identifies the three distinct columns the amount requested of the funding source, the amount to be contributed by the grantee, and the total project cost. This type of budget is only necessary when matching or cost sharing is involved.

295. Time and Effort

A system for recording the amount of time an individual spends on federally funding activities and for ensuring federal grants bear their fair share for payroll charges. Individuals who are 100% funded from a single funding source or who are working on a single cost objective must certify once every six months that they worked solely on that program for the period covered by the certification. Individuals who are not 100% funded from a single funding source or who are working in multiple cost objectives must maintain personnel activity reports, typically referred to a "time and effort". Substitute systems which meet certain standards identified in OMB Circular A-87, may be used in place of time and effort reports in certain situations. Recipient Time and Effort Report Form (Appendix B).

296. Title

A major section of a piece of legislation, e.g., Title I Higher Education Act, 1965.

297. Total Project of Program Costs

The total allowable costs (both direct and indirect) incurred by the recipient to carry out a grant-supported project or activity. Total project or program costs include costs charged to the award and costs borne by the recipient to satisfy a matching or cost-sharing requirement.

298. Triple Net Lease

A lease requiring that the tenant pay for all maintenance expenses, plus utilities, taxes, and insurance. This results in lower risk for inventors, who usually form a limited partnership.

299. Trust-based philanthropy

A giving philosophy that seeks to shift the inherent power imbalances between funders, nonprofits, and communities. With a commitment to shifting power, advancing equity, and building mutually accountable relationships, trust-based philanthropy positions funders as collaborators. This approach is characterized by multiyear unrestricted funding commitments, doing the homework, streamlining paperwork, being transparent and responsive, soliciting and acting on feedback, and offering support beyond the check to provide nonprofits with the flexibility and support they need to tackle the complexity and unpredictability of their work.

300. Trustee

A foundation board member or officer who helps make decisions about how grant monies are spent. Depending on whether the foundation has paid staff, trustees may take a more or less active role in running its affairs.

301. Turnkey

A complete and ready-to-use project constructed by a developer then sold or given to a buyer.

302. Unallowable Cost

A cost specified bylaw or regulation. Federal cost principles, or term and condition of award that may not be reimbursed under a grant or cooperative agreement.

303. Uniform Administrative Requirements for Grants

Often referred to as the "common rule", provides for government-wide consistency and uniformity in the management and administration of grants and is codified by each agency in its respective title of the Code of Federal Regulations. Some private foundations use this set of rules.

304. Unilateral Award

Unilateral awards are most often given when unsolicited proposals receive favorable treatment and competitive proposals are not considered.

305. Unrestricted Funds

Funding that has no requirements or restrictions for use. Gift are usually considered unrestricted funds while grants, contracts and cooperative agreements are considered restricted.

306. Unsolicited Grants

Some foundations may choose to not accept any unsolicited grants, meaning they contact the entities they would like to submit applications for grant funding. If you are not invited, you can't apply. Foundations do this for several reasons including the desire to fund groups only in a certain area; the need for less paperwork; and the desire to fund very specific causes.

307. Unsolicited Proposals

Agencies may allow institutions to submit proposals which may or may not match priorities of those agencies. May be an offer to perform tasks to which are not the results of an RFP announced by the agency. A proposal that is not in response to a RFP, RFA, or program announcement.

308. Workplace giving

Very large employers provide a way for employees to donate to select charities.

309. Zero-Based Budgeting

A budgeting method where all expenditures must be justified in each new period, as opposed to only explaining the amounts requested in excess of the previous period's funding.



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