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## Town of Apex

### POLICY FOR FUNDING FOR NON-PROFIT AGENCIES

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#### **Purpose:**

The purpose of this policy is to promote partnerships between the Town of Apex and nonprofit organizations for the benefit of Apex residents, to equitably and efficiently allocate resources to strengthen organizations, and to provide sound and clear methods for decisions.

#### **Policy Statement:**

The Town of Apex has no statutory requirement to fund non-profit agencies or other similar community organizations. Accordingly, Apex may elect to provide a grant to a non-profit organization to carry out activities that serve a public purpose and that are vital to the Town. In each case, the Town Council will carefully review the circumstances surrounding the request and determine the urgency of need and its value to Apex. The programs or services provided by the nonprofit organization should fulfill one or more of the following:

- Complement or enhance a vital Town service at a reduced cost.
- Provide a more cost effective or operationally expedient service than the Town.
- Fill in a critical gap that may exist between government services and community needs.

Requests for funding for direct staffing costs and/or requests for services that duplicate services that are already available to the public through other means will be given the lowest funding priority.

#### **Eligibility:**

Organizations eligible to apply for funding are those with a 501(c)(3) nonprofit designation and is a group which regularly comes together for purposes of promoting, providing or supporting services, and is one that conducts a significant amount of its activities and programs in Apex.

Organizations requesting funding should be able to document that they provide on-going services to the community, are governed by a volunteer board of directors that serves without compensation, and that their financial management is subject to an independent audit/review at the completion of the year for which the funds are requested.

Requests for funding will only be accepted during the Town's annual budget preparation process. Applicants for funding are required to submit the following documents to the Town on or before February 28th of each year to be considered for funding in the Town's next fiscal year budget:

- Each organization must submit a "Non-Profit Agency Funding Application", as provided by the Town of Apex.
- Applicants are required to submit a copy of their organization's annual budget.
- Submit a list of all board members (name, address, term, and office).

- Provide a non-discrimination statement that is consistent with Federal and State non-discrimination law.
- Provide conflict of interest statement (organization does not pay board members for participation on the board or hire board members to do other work).
- Submit an IRS tax-exempt letter or other documentation confirming ~~501(e)(3)~~ nonprofit status.
- Submit the most current IRS Form 990 or 990EZ
- Submit audited, reviewed, or compiled financial statements prepared for the most current fiscal year.
  - In all cases where the Town provides ~~more than \$10,000~~ \$20,000 annually, a financial audit conducted by an independent certified public accountant will be required annually with a copy of the audit report (~~financial statement including both a balance sheet and income/expense statement~~), management letter (if any), and a copy of the agency's final budget for the audit period.
  - ~~In cases where the Town provides funding between \$10,001 to \$20,000 an agency must provide the Town with a financial review (including a balance sheet and income statement) conducted by an independent certified public accountant position.~~
  - In other cases, where the Town provides \$10,000 or less annually, an audit is recommended but not required by the Town. An agency meeting these criteria must provide the Town with ~~a review prepared by a certified public accountant or a copy of the IRS Form 990 Annual Information Return for the period(s) in which funds are received under a grant from the Town~~ two years of most recent completed tax forms, ~~current income statement, and balance sheet.~~
  - The Town, at its discretion, may require an examination of any agency's financial records by the Town's Finance Department.
- The agency must retain financial records that support the disbursement of funds from a Town grant for at least three years.
- The agency must ensure that adequate internal controls exist, to the satisfaction of the Town's Finance Director, to ensure the protection of all assets. Bank statements must be reconciled monthly and actual signatures must be required on checks for the disbursement of funds.
- Funded services must be equally available to all eligible residents of the Town.
- The applicant organization should clearly demonstrate its ability (i.e., that it has appropriate staffing, financial resources, equipment, etc.) to provide the proposed services.
- Proposals shall clearly document the need for the proposed services.
- Proposals shall identify the number of Apex residents that are expected to receive direct services during the fiscal year as a result of Town funding.
- Renewal requests shall indicate the actual number of Apex residents served during the funded period.
- Proposals that request funding for services that are already available in the Town must clearly demonstrate that they will address an unmet service demand, or that they will deliver comparable services at a significantly lower unit cost than the currently available services.

*Note: All criteria under this process must be met; otherwise, the organization is deemed ineligible. Whether or not an organization received funding in a prior year will not be a determining factor in the recommendation process. Each year will be evaluated independently of any prior year funding decisions. Therefore, an award one year is not a guarantee of funding in any future year(s). Eligibility does not guarantee funding. The funding amount may differ from the amount requested.*

**Review Process:**

A public notice announcing the funding process for nonprofit organizations will be made on the Town's website in January of each year. This annual process is timed to complement the Town's annual budget process. Formal applications that are received after the February 28th deadline or do not provide the required information as set forth herein will be deemed ineligible for funding. Eligibility for funding will be reviewed by the Finance Committee of the Town Council, Town Manager, and Finance Director. The Finance Committee will make a recommendation to the Town Manager regarding how to budget for each agency requesting funding.

**Funding Process:**

A recommendation for funding and a recommended amount will be presented to Town Council for their consideration as part of the annual budget process. Subsequent to Town Council approval of the annual budget, letters will be mailed to each applicant notifying them of the outcome of their request. Successful funding awards will be effective for one year, unless ~~an~~ exception is made by the Apex Town Council ~~the Apex Town Council makes an exception.~~