

COMMUNITY GRANT PROGRAM
Grantee Eligibility Standard (Proposed)
Town of Los Gatos

To be eligible for a Community Grant award, an applicant organization must satisfy each of the following criteria. The criteria are objective and compliance-based; they do not evaluate the merit of an organization's mission or viewpoint.

1. Legal existence and good standing. The applicant holds a current IRS determination letter under section 501(c)(3); its status with the California Secretary of State is active; and it is registered and current — not delinquent, suspended, or revoked — with the Attorney General's Registry of Charities and Fundraisers, including timely RRF-1 and CT-TR-1 (or Form 990-series) filings.

2. Filing consistency. The financial information in the application reconciles with the organization's own most recent sworn filings (IRS and Attorney General). The applicant shall submit its most recent Form 990-series return and CT-TR-1 or RRF-1 with the application. Material contradictions among the applicant's filings are disqualifying until resolved in writing.

3. Governance minimums. The applicant has an adopted written conflict-of-interest policy and a governing board of at least three voting directors, a majority of whom are independent. This requirement applies to every application filed on or after the effective date of this standard; there is no phase-in period and an applicant that does not meet it on the date its application is filed is not eligible.

A director is independent only if the director:

- (a) is not an officer or employee of the applicant;
- (b) receives no compensation from the applicant in any capacity, whether as an officer, employee, or independent contractor;
- (c) is not a party to, and has no financial interest in, a material transaction with the applicant; and
- (d) is not a member of the household of, and is not related by blood, marriage, or domestic partnership to, any officer or employee of the applicant.

A director who holds an officer title is never independent, whether or not the title is compensated.

The applicant further certifies that no single individual both prepares and certifies its grant reports and solely controls disbursement of grant funds, and that no expenditure of grant funds is approved and disbursed by the same individual. The applicant shall submit with its application a current roster of directors and officers that identifies each director claimed as independent.

4. Conflict-of-interest certification. The applicant certifies under penalty of perjury whether any of its officers, directors, employees, or agents — or any member of such a person's household — is a Town of Los Gatos official, officer, employee, or commissioner. An affirmative answer does not disqualify the applicant; it triggers the disclosure, recusal, and record-entry requirements of Government Code sections 1090 and 1091 before any Council action on the award.

5. Mission fit. The funded activity falls within the exempt purpose stated in the applicant's IRS application and organizing documents. Activities materially outside the stated purpose require an amended statement of purpose before award.

6. Prior grant compliance. If previously funded, the applicant filed all required reports on time, expended funds within the grant period and for the approved purpose, and returned any unspent funds. Unresolved defaults on prior Town grants are disqualifying.

7. Inspection and clawback consent. The applicant agrees in the grant agreement to the Town's right to inspect books and records related to the grant, and to repayment of funds spent outside the approved purpose or period.

Administration. Items 1, 2, 5, and 6 are verified by staff against public records. Items 3, 4, and 7 are certified by the applicant on a one-page form signed under penalty of perjury by two officers. The board roster required by item 3 is reconciled by staff against the applicant's most recent Statement of Information and Form 990-series return; a director listed as an officer in either filing is not counted as independent. Any certification later shown to be false is grounds for termination and repayment.