



United Way of Linn County

United Way of Linn County

Funding Policies

General information and basic financial policies for operations of United Way of Linn County Partner Agencies

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Agency Admission Guidelines

United Way of Linn County was founded on principles that envision broad-based community support and a wide breadth of social services delivered by its partner agencies. Accordingly, United Way of Linn County encourages new agencies to apply in order to meet emerging needs and ensure that we continue to respond to changing priorities.

Partner agencies provide program services that relate to present needs and current economic conditions; adapt to changing requirements and new developments; and are within the range of the agency's capacity to perform effectively. The United Way provides an annual community-wide campaign and other related fundraising services and allocates its financial resources in ways that address our ten-year goals in the areas of income, education and health. A list of the United Way ten-year goals will be provided upon request.

Admission Application Process

Agencies seeking provisional partner agency status should discuss general eligibility and application procedures with the staff of United Way. Potential partner agency admission pre-applications must be submitted July 1 - September 1.

Each partner agency admission pre-application will be reviewed by the United Way staff for completeness and the agency will be contacted for any clarification.

If the agency's pre-application is accepted by the Funds Distribution Committee, it will be asked to complete a full partner agency application. With assistance from United Way staff, the Funds Distribution Committee will study the application, and, if necessary, request a presentation by agency representatives. Full applications must be turned in between September 1 and October 31.

Partnership approval is contingent upon the type of service the program provides, how the service meets priority needs, program management and fiscal capabilities, financial stability, volunteer involvement and the United Way of Linn County's ability to support the service.

The Funds Distribution Committee's recommendation to the Board of Directors will include a review of the agency's request. If the agency meets the criteria for admission, the committee may recommend partnership.

Agency programs will be eligible for funding in the next Allocation Process once their admissions application and partner agency status are approved.

If an agency does not meet the criteria, a letter stating specific reasons will be sent to the agency.

Admission Criteria

The general criteria for United Way of Linn County partnership calls for agencies to provide efficient, effective, and unduplicated human services in Linn County -- services that satisfy legitimate community needs. Specifically, agencies shall:

- Be incorporated with articles of incorporation and bylaws
- Have an active board of directors of at least eight members, serving without compensation, to provide citizen involvement and control
- Have secured tax exemption as a non-government non-profit agency, or an agency sponsored by an educational institution (providing the member sponsored by the educational institution was a member in good standing prior to March 5, 1983)
- Provide evidence of fiscal accountability and general fiscal health including a board-approved current-year operating budget, and the most recent copy (within 2 years) of the agency's independent audited financial statement prepared in accordance with generally accepted accounting principles.
- Have well-defined goals, objectives, strategies, and means of evaluating results, as well as adequate qualified staff and volunteer support to ensure proper delivery of services.
- Use quality indicators to measure progress and outcomes, reporting results and sharing them widely to attract more resources.
- Provide services that meet priority needs and that are appropriate for United Way of Linn County support, as determined by donor support surveys and other tools of measurement.
- Be registered with 211 Info
- Agree to fully identify its United Way of Linn County relationship in any agency public relations materials, brochures, articles, and radio or TV announcements.
- Agree to abide by United Way of Linn County policies including service and financial reports, accounting methods, supplemental fundraising, and interagency cooperation.
- Agree to clear with United Way any significant modifications to agency operations or facilities including expansion, reduction, or discontinuing activities that affect United Way funding.
- Have funding requirements that are within the capabilities of the United Way and which, when combined with other available resources, provide a sound operating base.
- Show a minimum of two years successful operations by programs seeking United Way funds, with a substantial level of volunteer participation and private financial support.
- Deliver services within Linn County.
- Demonstrate the need for United Way funds. Applicants must show alternate sources of funding are:
 - a) not available, or
 - b) if available, are not in the best interest of the applicant or United Way. This is illustrated by the agency budget, written application, and oral presentation.

Responsibilities

Agencies that partner with United Way accept the following responsibilities:

United Way of Linn County and partner agencies agree to:

- Maintain financial records that conform to the “Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations,” provide an annual financial report of all accounts within 180 days after the close of each fiscal year; and make all such records and reports available to the public (see page 6 for guidelines)
- Implement an equal employment opportunity policy to ensure non-discrimination practices for the equal treatment of applicants and employees.
- Promote the annual United Way fund drive as being the most economical and effective means of soliciting corporate and individual support.
- Keep each other informed on all matters of common concern and consult with one another before adopting policies and implementing programs in areas of mutual interest.
- Abide by these responsibilities as detailed guidelines on such matters as fundraising, admissions, allocations, budgeting, service coordination, administration, and public information.

United Way of Linn County agrees to:

- Conduct an annual United Way campaign as effectively as possible
- Encourage and assist partner agencies in developing independent financial resources
- Allocate funds by volunteer committees with due regard for agency requirements, the needs of the community and availability of United Way funds and United Way will promptly notify each agency of its approved allocation
- Pass along information about agency-related legislative matters at the state and national levels
- Develop and keep a consensus plan of action to meet community needs
- Coordinate efforts of like agencies to increase efficiency, develop funding resources, and strengthen program quality

Partner Agencies agree to:

- Conduct their operations in a manner that accepts and supports United Way's funding policy. Adhere to the standard criteria used to determine admissibility of agencies.
- Be incorporated with articles of incorporation and bylaws and have an active board of directors of at least eight members, serving without compensation, to provide citizen involvement and control
- Maintain financial records according to United Way policy and submit the following:
 - Requested budget reports, including funding application and/or revised budget
 - An annual financial report within 180 days of the close of the fiscal year, as prescribed in the Audit Policy
 - Periodic financial statements as required for payment of allocation; other reports as requested.
- Cooperate with other community service agencies to prevent gaps in service and unnecessary duplication
- Support each annual United Way campaign by actively participating in presentations, tours, and encouraging its officers, directors, staff, clients, and volunteers to contribute.
- Publicly acknowledge United Way's financial support of the agency's programs and include references to United Way in publicity materials such as annual reports, newspaper releases, stationery and pamphlets in order to strengthen public identification of United Way and the agency, increasing potential financial support for both organizations

Financial Reporting Requirements

Reporting Guidelines

If the agency's annual budget is more than \$1,000,000, an audit is required.

If the agency's annual budget is more than \$500,000, a review is required.

If the agency's annual budget is below \$500,000, a compilation is required.

Definitions

All audits, reviews and/or compilations are to be performed by a provider external to the fiscal management and influence of the agency and its respective Board of Directors.

Agencies that submit reviews or compilations must have the organization's Treasurer sign off on its statements verifying that they are free from irregularities and fraud.

Audit

An auditor reads the financial statements, verifies figures, and gives an opinion. The audit includes comprehensive testing of account balances. Cost is usually on a per hour basis.

Approximate cost of audit to agency: \$10,000 +

Financial Review

An auditor reads the financial statements. A limited opinion states that there are "no material errors." Cost is estimated to be half the cost of an audit.

Approximate cost of review to agency: \$5,000 +

Compilation

An accounting firm reads the financial statements to determine that they are free from obvious errors and gives a report but not an opinion. Cost is estimated to be half that of a financial review.

Approximate cost of a compilation to agency: \$2,500 +

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If an agency is unable to meet United Way financial reporting requirements within 180 days after the close of its fiscal year, a letter of explanation is required. Extensions are granted at the discretion of the Funds Distribution Committee.

Partner Agency Funding Application

United Way is responsible for stewardship of community resources, ensuring these resources go only to well-run agencies and effective programs.

The Funds Distribution Committee will review the fiscal management of all Partner Agencies being considered for funding. Partner Agencies will submit all required financial documents. All required fiscal and management standards must be met in order to be eligible to apply for program funding.

Partner agencies will submit program funding application(s) to United Way each year for review by allocation panels. Agencies must be specific in describing the work they will perform and the outcomes the program will deliver. United Way of Linn County will determine whether a given program should continue to be supported.

United Way of Linn County, representing donors, must ensure that performance assessment takes place and that it is rational. The United Way of Linn County approach to allocations should be flexible, imaginative, and oriented to the future. United Way of Linn County must foster open and honest relationships with its partner agencies.

Funding Application Overview

Functional Budgeting and Accounting

Some agencies provide only one program while others provide several. Agencies must classify their services by program categories as determined by the United Way.

Balanced Budgets

Agencies are encouraged to operate within available income. United Way understands the need to develop a renewable reserve to meet unanticipated service demands or funding curtailments. However, reserves exceeding three months' operating expenses should be explained to the Funds Distribution Committee.

United Way does not require agencies to use a line-by-line spending plan. However, agencies are expected to use United Way funds for the general purpose or program for which they were allocated. Any program changes that might impact United Way funds must be approved two months in advance by the Funds Distribution Committee.

Program Funding Strategy

Program funding allows United Way to focus on high priority programs and services; provide opportunities to orient community programs to meet priority needs; increase accountability; and minimize United Way's involvement in internal agency management.

The allocations process is a competitive process and no program is guaranteed funding. Program funding is reviewed bi-annually through the allocations process by both the Funds Distribution Committee and United Way of Linn County volunteers. Previous funding of a program does not entitle an organization to future funding. If an agency has no programs funded by United Way, the partnership is terminated.

Funding Criteria

To be considered for program funding, an agency must meet the following criteria:

- Become a partner with United Way of Linn County
- Demonstrate that program(s) for which funding is requested do not unnecessarily duplicate existing programs in the area of service
- Provide measurable program outcomes
- Remain accountable for time through fiscal management
- Show a high level of volunteer involvement including an active board of directors of at least eight members, serving without compensation, to provide citizen involvement and control

Programs Not Eligible for Funding

- Programs primarily religious in nature
- Programs that unnecessarily duplicate statewide services
- Programs that are primarily provided by the public education system or are primarily a government-sponsored rather than volunteer-supported activity
- Programs that have not been successfully operational for at least two years

Timelines

Budget development is based on the fiscal allocation year of United Way, July through June. Annually, the Funds Distribution Committee will prepare an allocation timeline, including when the funding application is to be distributed to partner agencies and deadlines to return the prepared applications to United Way.

United Way will allow agencies a minimum of 30 days from receipt of the application packet to submit the completed the funding application. Agencies will be notified of allocation review dates a minimum of 30 days prior to scheduled hearing dates.

Late Applications

Agencies whose applications are not received by 5 p.m. on the due date will be notified by United Way that they will not be considered for funding. This notification will be done in writing with copies to the agency director and the agency board president.

Funding Application Revisions

Funding applications ordinarily are not revised after they are submitted but may be changed, if needed.

Examples of changes that should be discussed with the Funds Distribution Committee are:

- Adjustments that involve significant departure from the scope of the program for which funds were originally approved
- Adjustments that involve commitments or establish facilities that will need additional United Way support in subsequent years
- Significant changes in fees for service that materially affect agency income

Program Admission and Termination

If a United Way partner agency would like to add a program for which it will seek United Way support, the agency must provide the information below to the United Way Funds Distribution Committee prior to December 1.

Likewise, when a partner agency decides to terminate a United Way-funded program or make significant alterations to an existing United Way-funded program, the Funds Distribution Committee must be informed at least two months before the anticipated changes. The committee, not the agency, will determine if it is appropriate to shift United Way funds between programs or continue a terminated program's allocation for another use. United Way cannot be expected to automatically increase its allocation to compensate for the loss of other agency funds.

New Program Admissions

Requests from a partner agency to admit a new program for funding consideration must be submitted to United Way prior to December 1 of the year before the next allocation cycle. Any program that has not received funding for more than two years must be readmitted through the normal program admission process to be considered for future allocations.

The Funds Distribution Committee will determine if a proposed program meets United Way's funding criteria before the partner agency may submit its funding application in the spring. Program and budget information is required prior to December 1 along with a narrative describing the following:

- The purpose of the program and targeted population
- The current year objectives for existing programs and the status of each
- The proposed program objectives and how they will be evaluated
- The priority of this program in relation to other agency services
- How adding this program will affect other services of the agency
- How the program contrasts and interacts with similar services provided by other agencies

Program Termination or Modification Procedure

When an agency seeks to terminate or substantially modify an existing United Way funded program, the Funds Distribution Committee must be informed at least two months prior to the anticipated change. The agency must describe how other agency services will be affected and any anticipated changes for United Way funding.

If an agency intends to modify an existing program, it must submit a narrative describing how other agency services will be affected and the anticipated changes for United Way funding as well as a program information and budget form.

Fundraising, Income & Expenses

United Way is responsible for soliciting the public on behalf of all participating agencies in an annual area-wide fundraising campaign. We raise money for partner agencies while providing an opportunity for individuals to support other human services through Donor Choice. However, the annual United Way campaign does not meet all the financial needs of partner agencies. In some instances, complete programs are funded independent of the United Way campaign. It's therefore necessary for most agencies to raise funds from other sources in congruence with the fundraising policy congruent to the fundraising policy below.

United Way does not fund capital expenditures. However, United Way does recognize the need for some partner agencies to occasionally purchase land, buildings and capital equipment. All matters relating to supplemental fundraising activities are the responsibility of United Way's Fund Distribution Committee.

Agencies and United Way mutually agree that all agency fundraising activities be conducted so that the public will continue to make substantial contributions to the annual United Way campaign. United Way and the agencies also agree that all self-supported activities clearly identify existing financial support of United Way.

All supplemental fundraising activities must be legally and ethically sound.

Agency Self-Support

Agency self-support is defined as any fundraising activity on the part of an agency or a group affiliated with an agency that provides income for operating purposes, including but not limited to: soliciting contributor memberships, holding special events, conducting product and merchandise sales, and soliciting gifts or bequests from individuals. Revenues received from fees for services, user memberships, governmental and foundation grants, investment income, United Way allocation and capital campaign funds are not considered agency self-support, and are governed by separate policy statements.

Fundraising Policy

Agency fundraising activities may be conducted at any time. In an effort to maximize the fundraising campaigns conducted by United Way each year, United Way encourages partner agencies not to conduct fundraising activities during September, October, and November. It is essential to the agency and United Way that any fundraising activity meets the following criteria:

- The activity is legal and ethically acceptable to the community
- The activity will not conflict with the objectives of United Way's annual campaign
- The effort is directed toward individuals rather than corporations and employee groups
- The activity significantly benefits the agency and does not reflect negatively upon the image of the agency or United Way
- The activity complements, enriches, and strengthens the objectives of United Way and its campaign
- The event cultivates groups of interested persons who can become active participants in agency program(s) and activities

Examples of supplemental fundraising activities that are not permitted:

- Soliciting cash donations from a business that has pledged a corporate gift to United Way and has indicated to United Way that the corporation does not want to be solicited directly by partner agencies.
- Allowing its name to be used by other organizations for fundraising purposes during the United Way campaign. Exceptions may be made after consultation with United Way.
- Soliciting donations from employees at their place of employment.
- Conducting a community-wide mass appeal during campaign.

Guideline Violation

A fundraising activity by a partner agency that does not comply with the above guidelines constitutes a violation of the United Way agency agreement. If, after review by United Way, it appears that the guidelines have been violated, the agency will be asked to appear before the Funds Distribution Committee. If the committee determines that a violation has occurred, the United Way Board may:

- Require the agency to show what steps it will take to ensure compliance with the above guidelines in the future; and/or
- Suspend the allocation of the violating agency.

Repeated disregard of these guidelines will be cause to terminate the United Way partnership.

Income Policy

Fees for Service

Agencies are encouraged to charge fees for their services based on the full cost of the service and scaled to the financial ability of the recipient. Payment for service, when possible, helps the recipient gain self-respect and should result in more responsible use of the service. Each agency should have a well-defined collection policy and procedures approved by its board. When public agencies purchase service from a United Way agency, the objective should be to secure the full cost of the service.

Foundation Grants

Foundation grants are to be used for the specific purpose for which they were requested. They are time limited and generally not renewable. If a project needs ongoing financing after beginning with a foundation grant, it is the responsibility of the agency unless United Way was a party to the planning of the project.

Government Grants and Fees

Volunteer-based agencies frequently have the opportunity to secure grants and/or contracts from public funding bodies. In assessing the value of a proposed additional program to be supported partly or wholly by tax funds, United Way will expect that:

- The program meets an identified unmet community need, is soundly conceived and feasible, and the agency is the most appropriate sponsor
- The agency will be able to discharge its responsibilities for sound administration and fiscal management of the new program without undue interference with its own autonomy
- The agency's autonomy and its capacity to plan, manage, and financially administer its existing program and its normal future development will not be unduly constricted or limited by undertaking the new program
- The agency is prepared to handle any problems that may arise from withdrawal of the public funds. The agency should not expect United Way to automatically increase its allocation to cover the additional cost.

Acceptable Operating Expenditures

Operating Costs

Operating costs may include salaries, retirement, food, utilities, fuel, medical care, and foster home fees. Personnel qualifications and salary levels rest with the agency board. However, because of the relationship between qualified personnel and efficient service, these matters are a concern to United Way. Agencies are encouraged to develop salary schedules based on their own needs, considering similar salaries in the West Coast area.

Repairs and Maintenance

- Cleaning, washing, oiling, waxing, painting of the agency's physical plant.
- Normal and routine repair, mending, patching worn-out articles, parts and facilities such as furniture, gutters and roofs. Sound business practices dictate accumulating repair reserves for regular anticipated building needs such as roof repair and painting.
- Normal and routine replacement of such items as furniture, linens, household articles, and office equipment.
- A budget line item will be recognized by United Way for maintenance of capital facilities.

Established Costs

Rent expenses, principal and interest payments, and the purchase and maintenance of vehicles for agency operations.

Dues

Dues to an agency's parent or national organization.

Emergency Funding Strategy

Emergency funding consists of grants or loans allocated for critical, unanticipated, and generally non-recurring capital and service contingencies that result from conditions beyond the agency's control. Emergency funding enables United Way to: respond to emergencies, fill gaps created by government cuts; increase United Way's responsiveness to partner agencies; and serve as a kind of insurance policy for the agencies. In order to be considered for emergency funding:

- The agency must be a partner of United Way of Linn County
- The agency must be able to demonstrate that a critical, unanticipated, and generally nonrecurring need has arisen
- The agency must have a demonstrable history of sound accounting and business management practices
- The agency does not have an emergency reserve account of its own, or if it does, the reserve is inadequate to meet the specific emergency

Emergency Funding Implementation

A maximum reserve of \$15,000 will be established by budgeting \$5,000 annually and rolling funds remaining in the reserve into a permanent emergency reserve account. Once the maximum reserve has been achieved, no funds will be taken from the campaign for this account except to replenish the amount disbursed during any one year (to a maximum of \$5,000). Determining whether an agency receives a loan or grant will be based on the financial solvency of the agency, the ability to repay, and the type of emergency. The Funds Distribution Committee will administer the emergency funds; requests for funds will receive a response within 60 days of the agency's request. The emergency funds are also available to United Way of Linn County, as approved by the Board of Directors.

Emergency Funding Application Process

To apply for emergency funds, an agency must submit a written request; a copy of the most recent financial report showing the balance on hand in all accounts; and a written justification for classifying the request as an "emergency."

Termination Policy

United Way's stewardship responsibility is to ensure that its partner agencies remain effective. If a program ceases to be viable or is unable to provide services to meet community needs, its continued eligibility will be evaluated under the following policy guidelines. Termination may be recommended when appropriate.

Participating agencies' programs are continuously reviewed for community relevancy and effectiveness, via the Funds Distribution process. Serious questions that arise regarding an agency or program will be referred with appropriate recommendations to the Board of Directors for consideration.

Cause for Termination

The following conditions are cause for United Way to take termination action; conditions include but are not limited to:

- The service is being provided adequately and more effectively at less cost and serving more people through programs provided by other partner agencies
- The service is no longer needed or has too low a priority to justify continued support, as determined by the Funds Distribution Committee
- The program is no longer providing the service United Way intended to fund
- The agency is unwilling or unable to abide by United Way's policies regarding financial and service reporting, supplemental fundraising, interagency cooperation, service quality or other stated United Way policies
- The agency's three-year review and certification (or the lack thereof) indicates financial or managerial problems that place it in a conditional or uncertifiable position
- The agency loses its 501 (c)(3) tax status

If there is cause for termination, the Funds Distribution Committee will make an appropriate recommendation to the Board of Directors using the following process:

- Conduct a fact-finding investigation with agency staff and volunteers to gather appropriate information on the service delivery
- Attempt to clarify the problem or issue
- Submit a written report to the agency, allowing the agency seven business days to respond in writing

At the agency's request, a meeting will be held with the agency's director, board president, United Way staff, and Funds Distribution Committee chair and chair-elect to attempt to reach an understanding. Only after it is clear that differences of opinion are irreconcilable should United Way withdraw support. In any termination, the United Way Board of Directors will authorize termination and direct the Funds Distribution Committee to prepare a written report.

Formal notice of termination will be preceded by thorough consultation between the agency or agencies involved and United Way. Either party may end the partnership with a 60-day written notice. Any remaining allocation balances will be negotiated by United Way and the withdrawing agency.