



**COMMUNITY  
FOUNDATION**  
*of Northern Nevada*

## **COMMUNITY FOUNDATION OF NORTHERN NEVADA GRANT SPENDING POLICY**

### **I. Purpose**

The purpose of this Grant Spending Policy Statement is to:

- Establish a method of allocating spendable grant balances;
- Provide definitions of principal and income;
- Set methodology for calculating income and grant allocations;
- Set policy for unused portions of grants; and
- Establish special procedures.

This policy shall not apply to Fund Agreements that include spending policy language specific to that fund.

Spending rules are subject to periodic review by the Donor Relations Committee and approval by the Board of Trustees of the Community Foundation of Northern Nevada (“Community Foundation”).

### **II. Definitions**

The principal value in each fund is the total value of all gifts received to that fund.

Income is the interest, dividends, and realized/unrealized gains, which may be determined at any time based on the actual income of interest and dividends, realized gains, and the value of unrealized gains on a specific date.

### **III. Annual Grant Allocations – Endowed Funds**

Annual grant allocations are determined in accordance with the Fund Agreement. For endowment funds with a fixed distribution, the current spending policy makes available on an annual basis 5% of the value of each fund, as of the close of the last day of September. This 5% is to be spent from income and principal. For endowments that reach the underwater threshold set forth in the Investment Policy, a step-down percentage will be available for distribution.

#### IV. Calculating Income

All investment income and realized/unrealized gains are first posted to the fund's balance at the end of each quarter. Then, the administrative fees are charged. Some revenues are estimated during the first three quarters of the year. At the end of the 3<sup>rd</sup> quarter of each year, after all final statements have been posted, adjusting entries made, and fees posted, the value for grant allocations is determined.

#### V. Unused Portions of Grants

Grants made from the Community Foundation of Northern Nevada via a request-for-proposal process are restricted for use to the purpose stated in the grantee's proposal submitted for the request for proposal. Occasionally, grantees have an unused portion of the grant remaining at the end of the grant cycle. This may happen for a variety of reasons and may indicate fiscal diligence on the part of the grantee, which results in a remainder of funds.

The Community Foundation's policy governing unused portions of grants is designed to ensure that use of grant funds adheres to the original intent of the grant. The following policy is established as a guideline.

<b>Remaining grant funds</b>	If remaining grant funds are:	Grantee:
	<b>Less than</b> 10% of the total grant award or \$5,000 or less, whichever is less	May reallocate the funding without permission from Community Foundation.
	<b>Greater than</b> 10% of the total grant award or more than \$5,000	Must request permission from the Community Foundation to reallocate funding.

**Reporting reallocation** Regardless of the size of the reallocation, grantees must report how the reallocated funds were used.

**Returning unused grant funds** Grantees may be asked to return to the Community Foundation the unused portion of grant funds if that unused portion (a) exceeds 10% of the total grant award or (b) is greater than \$5,000, whichever is less. When the Community Foundation determines that a portion of the grant should be returned, the grantee will be notified in writing.

Note: All returns remain fully invested until a disbursement check is actually produced.

#### VI. Special Procedures

Where the reports submitted or other information (including the failure to submit reports) indicate that all or any part of a grant is not being used in furtherance of the purposes of such grant, the Community Foundation is under a duty to investigate. While conducting its investigation, the Community Foundation shall withhold further payments to the extent possible until any delinquent reports required under the foregoing provisions of these procedures have been submitted.

If the Community Foundation learns that all or any part of a grant is not being used in furtherance of the purposes of the grant, the Community Foundation shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. If such a diversion occurs and the grantee has not previously diverted grant funds to any use not in furtherance of the purposes of the grant, the Community Foundation shall withhold any further payments to the grantee until it has received the grantee's assurance that future diversions shall not occur and shall require the grantee to take extraordinary precautions to prevent future diversions from occurring.

Where a grantee has previously diverted funds received from the Community Foundation and the Community Foundation determines that any part of a grant has again been used for improper purposes, the Community Foundation shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. In such case, the Community Foundation shall withhold further payments until: (a) the diverted funds are in fact recovered or restored; (b) the Community Foundation has received the grantee's assurances that future diversions will not occur; and (c) the Community Foundation requires the grantee to take extraordinary precautions to prevent future diversions from occurring. The phrase "all reasonable and appropriate steps," as used above, shall include legal action where appropriate, but need not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

Where a grant is requested to be anonymous – including the grantee not knowing that the grant came from the Community Foundation – the Community Foundation may make such grants as long as the grant is unrestricted (having no reporting requirements) and the grant is made to a qualified charitable entity with receipt and deposit by charity being verifiable. The preferred method for disbursing such grants is by cashier's check. Any correspondence sent with the cashier's check, including the envelope, shall have no reference to, nor branding of the Community Foundation. A courier service may be used.