

Partner Agency Standards & Fundraising Guidelines

The United Way of East Central Iowa (UWECI) created the Partner Agency Guidelines to establish a clear understanding with funded partners regarding the review process, reporting requirements and fundraising expectations. Each funded partner agency receives a Partner Agency Agreement with their award letter. Upon signing the Partner Agency Agreement, each agency agrees to meet the following standards and adhere to the fundraising guidelines described below:

I. Agency Review

Each partner agency participates in two review processes each year.

The Accountability Review Team (ART) will review partner agency materials such as agency financial information, IRS Form 990s and audits to ensure that all organizations receiving funding through United Way are financially sound and have appropriate policies and procedures in place. The ART will provide updates to the appropriate UWECI volunteer teams. The Accountability Review Team reports to the Impact Cabinet.

The second type of review is conducted by the Solutions Teams. The focus of this review is how an agency's outcomes align with and contribute to achievement of community goals. The Solutions Teams review the materials submitted in response to Requests for Proposals, Mid-year Renewal Requests and End of Year Reporting requirements. Solutions Teams conduct site visits and provide written feedback to the agencies. Solutions Teams report to the Impact Cabinet.

II. Accountability Review

A. The Process

The Accountability Review Team examines the agency governance, financial accountability and resource management. The team uses a checklist to determine if the agency meets generally accepted standards of good governance and administrative practice. This checklist is available to all agencies on the UWECI website (www.uweci.org). Typically, when concerns arise or standards are not met the Accountability Review Team (ART) will engage with the agency in one or more of the following ways:

1. Follow up with the agency staff with questions
2. Request a meeting with agency leadership
3. Following the two steps above, submit written recommendations to the agency with a response deadline

All questions or recommendations will be documented in writing to the agency.

B. Documents Reviewed

The Accountability Review team and staff review the following documents:

- 1) Audit or Independent Financial Review
- 2) IRS Form 990
- 3) Board approved annual budget with accompanying narrative (using the UWECI Agency Budget Form)
- 4) Agency Risk Assessment Questionnaire
- 5) Financial ratios
- 6) Most recent board approved financial statements
- 7) Patriot Act forms
- 8) Agencies with a fiscal agent, please see section D #7 on page 4 for direction on documents needed pertaining to this arrangement.

It is incumbent upon each funded agency to provide UWECI the most up-to-date version of the following documents which shall be maintained on file at UWECI at all times:

- Mission Statement
- Bylaws
- 501(c)(3) Designation letter
- Board Rosters

Additional documents may be requested as necessary for the review process.

C. When and How to Submit Review Documents

When

Items 1-7 outlined in Section B (Documents Reviewed) above should be uploaded to the Community Impact Database (or submitted in hard copy if an electronic version is not available) no later than six months following your fiscal year end.

The agency's mission statement, bylaws, 501(c) (3) designation letter and board rosters shall be re-submitted after each revision.

How

Please upload all electronic files into the Community Impact Database: (<http://64.199.243.41/>). Any hard copies should be submitted to the Vice President, Community Building.

UWECI requests that agencies clearly name the documents uploaded to the Community Impact Database to reflect the content of the documents and a

relevant date for the materials. For example: “Agency Name FY09 Audit” or “Agency Name Agency Budget and Narrative_January 2010”.

D. Description/Background of Documents Submitted for Review

1) Annual Audit, Independent Financial Review, or Board Approved Annual Budget with Accompanying Narrative.

One of the three listed materials is required to be submitted by an agency, dependent upon the size of the agencies total budget. Please see the description below to identify which materials apply to your agency:

- a. Annual Audit**— an audit should be conducted by an independent Certified Public Accountant (CPA) according to generally accepted accounting principles (GAAP) which includes an opinion regarding the accuracy of the agency’s financial reports.

An audit will be required for agencies with greater than \$500,000 in annual revenue. Agencies will submit their most recent annual audit.

/Or/

- b. Independent Financial Review** – In an Independent Financial Review a management inquiry is conducted by an independent CPA firm according to generally accepted accounting principles (GAAP), including an understanding of internal controls and an analytical review of financials and trends. A walk through will not be accepted.

Agencies with annual budgets between \$250,000 and \$499,999 will submit an independent financial review.

/Or/

- c. Board Approved Budget with Accompanying Narrative-** Agencies with annual budgets under \$250,000 will be asked to submit a board approved financial summary that details the use of United Way funds.

- 3. IRS Form 990**—Agencies will submit a copy of their annual IRS Form 990. If an agency anticipates a delay in the availability of their 990, it should submit a written request for an extension including a reason for the delay and the anticipated timeline for resolution. Requests should be

addressed to the Vice President, Community Building and received no later than one month prior to the due date.

4. **Board Approved Annual Budget with Accompanying Narrative**- prepared using a form provided by UWECI. Revenue and expense totals should be reconciled to the 990.
5. **Risk Assessment Questionnaire**—the documents and the policies referenced in the questionnaire are not mandated by UWECI but are recommended as best practices in governance and organizational management. Complete the online form in the Community Impact Database (<http://64.199.243.41/>).
6. **Patriot Act Form**- This form must be submitted annually in order for the agency to remain eligible for funding. The Accountability Review Team, in their review process, ensures that this documentation is current with UWECI files.
7. **Agencies with a Fiscal Agent:**
 - Submit a compilation report of the agency and an audit of the supervising agency's financial statements.
 - The auditor should prepare a management letter/internal control for the agency compilation independent from that of the supervising agency's audit. The partner agency should not be referenced as limited in scope nor given a qualified opinion within the audit.
 - The partner agency may be required to obtain an audit of its financial statements independent from that of its parent agency.
 - The partner agency compilation, supervising agency's annual audit, and accompanying letters are due to United Way as outlined above.

E. Notification of Delay or Extension Request

If an agency anticipates a delay in delivering any of the items listed above it should submit a written request for an extension including a reason for the delay and the anticipated timeline for resolution. Requests should be addressed to the Vice President, Community Building and received no less than 30 days before the due date of the audit.

Failure to comply with any of the submission requirements, without an approved extension, may result in the withholding of part or all of the agency's allocation payments until the missing requirements are submitted to UWECI.

F. Accounting Method

Accrual basis accounting is required for all agencies with annual revenues greater than \$250,000. Cash basis accounting, while not preferred, is acceptable for agencies with less than \$250,000 annual revenues.

1) Accrual Basis Accounting

Under the accrual basis accounting, revenues and expenses are recognized as follows:

Revenue is recognized when both of the following conditions are met:

- a. Revenue is earned.
 - Revenue is earned when products are delivered or services are provided.
- b. Revenue is realized or realizable.
 - Realized means cash is received.
 - Realizable means it is reasonable to expect that cash will be received in the future.

Expense is recognized in the period in which related revenue is recognized.

2) Cash Basis Accounting

Under the cash basis accounting, revenues and expenses are recognized as follows:

- a. Revenue recognition: Revenue is recognized when cash is received.
- b. Expense recognition: Expense is recognized when cash is paid.

III. Solutions Team Review

The Solutions Teams review agency proposals and performance to assure alignment with community goals. The Solutions Teams are responsible for funding recommendations and setting standards for outcome achievement in partnership with staff and agencies. The Solutions Teams use their knowledge about community conditions to identify funding priorities and evaluate desired outcomes.

Agencies are expected to achieve the goals and a measurement proposed at the time funding is awarded. Agencies are also expected to demonstrate a reasonable connection between the activities engaged in, numbers served, measurement conducted and the outcome desired. If the Solutions Team has

identified problems with the organization's capacity to deliver services for which funds have been awarded, the Solutions Team will follow up with the agency in writing or request a meeting with agency leadership and/or staff.

IV. Reporting and Application Compliance

Funded partners will be asked to report on their progress at mid-year (January) as part of the funding renewal process and at year end (July) to demonstrate goal achievement.

It is expected that all requested materials, whether for reporting or application purposes, will be delivered on time and in the requested format. In the event of late or incomplete submissions, the following series of actions will be taken:

Protocol for Reporting Compliance

1. First offense - Communication to Agency

Letter sent to the Agency Executive and the Board of Directors outlining non-compliance with deadlines, incomplete applications etc. The board will be asked to respond with a letter as to how they intend to correct the situation.

2. Second offense - Financial Penalty

Late submission of any required documents from partner agencies will result in a 25% negative adjustment to the monthly distribution check. The penalty is temporary. The withheld amount is released in the next monthly allotment if all required documents are turned in.

Protocol for Late or Incomplete Funding Requests

Late or incomplete requests for funding will be ineligible for funding. This applies to new requests for funding as well as renewal requests.

V. Probationary Review

If the ART or a Solutions Team finds an agency to be unresponsive or ineffective in addressing concerns, a partner agency may be placed on Probationary Review. Issues may be identified and determined to be problematic through consensus of the collective knowledge and review of the ART or Solutions Team in the areas of (but not limited to):

- lack of progress on achieving proposed outcomes
- poor agency administration,
- fiscal mismanagement
- insufficient governance and oversight

- failure to operate according to Partner Agency Standards and Fundraising Guidelines

The ART and/or the Solutions Team will present their findings to the Impact Cabinet for review. The Impact Cabinet will forward information and a formal recommendation for Probationary Review to the UWECI Executive Committee and Board of Directors, which will establish a Probationary Review Team. This team may include representatives from the:

- Accountability Review Team,
- Solutions Team,
- Impact Cabinet,
- UWECI Executive Committee,
- UWECI Board of Directors,
- or other groups or committees deemed appropriate.

The Probationary Review Team will report to the UWECI Board of Directors within 90 days. The probationary review process may include:

- meeting with agency board members,
- meeting with agency executive committee members,
- reviewing the agency's relationships or activities with other human service organizations in the area,
- reviewing agency's relationships or activities with other funders,
- reviewing agency's relationships or activities with agency clients or members, or
- other actions deemed appropriate and necessary.

After 90 days, the team will recommend action to the UWECI Board, which may include (but not be limited to):

- recommendations for technical assistance or other corrective action
- continuation of probationary review
- discontinuing the probationary review
- discontinuing program funding and partner agency status
- other action deemed appropriate by the UWECI Board of Directors

The probationary review team will communicate the findings and the recommendations to the agency in writing. The probationary period will typically include regular meetings with the probationary review team to monitor progress. Technical assistance will be offered as available and appropriate to assist the agency during this time. At the end of the probationary period, the team can either release the agency from probationary status or move forward into a two-year de-funding process (50%, then 25% funding levels). If the probationary

review team is satisfied with the agencies actions and/or progress the committee can decide to restore the program to its original funding level.

VII. General Appeals

- An agency may appeal a UWECI action involving an allocation, probation, funding suspension or de-funding by submitting a written statement to the UWECI Chief Volunteer Officer or the UWECI Chief Executive Officer within 30 days of receiving notice from UWECI.
- The appeal statement should include the following:
 - statement of decision being appealed,
 - rationale and supporting data for the appeal,
 - evidence that the appeal was discussed and approved by the agency's board of directors, and
 - signatures of the agency's Chief Volunteer Officer and Chief Professional Officer.
- An ad-hoc committee appointed by the UWECI Chief Volunteer Officer will consider the appeal.

VIII. Affiliation/Consolidation/Joint Venture/Merger

UWECI recognizes that a partner agency may pursue a relationship with another entity such as an affiliation, consolidation, joint venture, or merger. In the event that a partner agency considers one of the above actions, notification shall be provided to UWECI.

A meeting will be coordinated with United Way and the entities involved upon United Way being notified of the activity to discuss plans in progress, agencies involved, rationale for actions, implications for funding or measurement of outcomes, and United Ways' expectations for the partner agency and the organization(s) involved.

If involved with an affiliation or joint venture, United Way requires the following:

- All financial materials supplied to United Way shall be specific to the partner agency's financial standing and exclude affiliate service provider information. UWECI reserves the right to request additional financial records from affiliates when related to review of a partner agency.
- If the new affiliated or merged organization chooses to continue to receive UWECI funding, the organization must adhere to UWECI reporting and review requirements as outlined elsewhere in this document.

UWECI reserves the right to meet with service providers that are non-partner agencies and involved with one or more of the activities listed above to establish additional guidelines deemed appropriate.

UWECI reserves the right to evaluate the impact of an affiliation/consolidation/joint venture or merger on the fundraising environment in considering its future relationship with the entities involved.

IX. Donor Designation Policy

As a service to our donors, gifts designated to a specific agency are processed by UWECI. It is the policy of UWECI to review, process, and distribute donor designations on an annual basis as it relates to the Annual Campaign. Unlike gifts made to United Way's Community Impact Partner Fund, United Way cannot guarantee how these funds will be used or provide oversight to ensure measurable results.

A. Scope

This Donor Designation policy applies to all gifts given to UWECI and designated to any 501(c) (3) organization. This includes partner agencies and non-partner agencies.

B. Guidelines

- Donor Designation is defined as dollars going to specific organizations only, not programs or focus areas.
- Designations are allowed to any qualified nonprofit organization as defined in section 501(c) (3) of the IRS Code.
- Agencies that receive designated funds must comply with all federal regulations. Designated funds to agencies not in compliance will be distributed to the UWECI Community Impact Partner fund.
- Donor Designation dollars are viewed as a separate stream from the UWECI allocation process
- Designations need to be specified and submitted at the time of the pledge.
- Minimum amount for each designation is \$50
- Deadline for submitting designations is January 31st

C. Payment of Designated Gifts

- Designated gifts made with cash, check, credit card or stocks are paid to agencies based on cash received at the time of the scheduled designation payout.
- Donor pledges are paid through payroll deduction the following year. One fourth of each designated payroll gift is paid based on pledge less the uncollectible fee.
- For Tocqueville Society donors contributing via payroll deduction, UWECI will honor 100% of the designated gifts upon receipt of documentation from donor's employer that payroll deduction was fulfilled. This will be reconciled at the end of the payout cycle.

- Donor designation payout schedule is as follows: March, June, September, and December.
- An additional payout may occur in July for any cash gifts received since the last payout.
- An administrative fee is assessed on all pledges and is reviewed and recommended by the Finance & Administration Committee annually and approved by the Executive Committee.
- An uncollectible fee is assessed on payroll pledges and is reviewed and recommended by the Finance & Administration Committee annually and approved by the Executive Committee. The uncollectible fee does not apply to gifts made with cash, check, credit card or stock.

D. Sample Donor Designation Letter

- UWECI encourages partner agencies to use a United Way sample donor designation acknowledgement. A sample donor designation letter is available upon request. Please contact UWECI's Finance Department at 398-5372 to request a sample letter.

X. Payments and Advances on Allocation

Partner Agencies will receive one-twelfth of the sum of Community Impact Partner Fund allocations on or about the 15th of each month. An agency experiencing a cash flow problem may request a one-time advance on its monthly allocation, which may be approved by the UWECI Vice President, Community Building and the CFO. The request should be made in writing and include the following information: a brief explanation of the cash flow situation, the expected resolution of the situation (including an estimated timeline) and a copy of the most recent board approved financial statements. If an additional advance is needed, a request may be made to the Impact Cabinet for consideration, which is made on a case-by-case basis. Requests should be addressed to the Vice President, Community Building.

XI. Voluntary Termination of Partner Agency Agreement:

An agency that no longer requires or desires UWECI funds should send a letter to the Impact Cabinet Chair or the UWECI Chief Volunteer Officer indicating the desire to terminate its partnership. It should include:

- a statement indicating the desire to terminate and the rationale for the decision,
- the date the agency's board of directors discussed and approved that action, and the date in which this will go into effect, and
- the signature of both the agency's Chief Volunteer Officer and Chief Professional Officer.

Requests will then be reviewed and approved by the UWECE Executive Committee and UWECE Board of Directors.

XII. Additional Requirements

Partner Agencies agree to maintain updated information in the following applications:

1. United Way 2-1-1 – all agency program information will be updated as requested but no less than annually in the United Way 2-1-1 Information and Referral database.
2. Corridor Volunteers – All Partner Agencies which utilize volunteers will register online at www.corridorvolunteers.org, complete an agency profile and provide up to date volunteer opportunities as they are available.

XIII. Fundraising Guidelines

In order to maximize the overall level of community giving to the voluntary sector, UWECE and its partner agencies agree to a set of fundraising guidelines.

UWECE agrees to:

- Raise funds in an annual, community-wide campaign on behalf of the community and its partners in advancing the common good;
- Promote the benefits and services of its health and human services partners through campaign, year-round literature and publications, workplace programs and media efforts;
- Promote and support ethical fund-raising efforts,
- Encourage agencies to enhance their revenues for operating and capital purposes, especially through funding resources not readily available to UWECE; and,
- Initiate, and when appropriate, manage special fundraising efforts for problems identified as a priority for the community.

As a partner agency, we agree to:

A. Promote United Way of East Central Iowa partnership by:

- Utilizing United Ways' logo in our literature, on our letterhead, in our media efforts, on our premises, and in all communications with the public (including Partners in Charity advertising);
- Comply with UWECE's logo guidelines (please contact UWECE Marketing Department for further information).
- Clearly identify the affiliation with UWECE when applying for funding from government or foundation sources.

B. Actively participate in the UWECE campaign by:

- Conducting an employee campaign among agency staff;
- Promoting leadership giving to the UWECE campaign among agency executives, board members, and personnel;

- Promoting employee campaigning for UWECl via payroll deduction at the workplaces of its board members;
- Assisting UWECl in its campaign efforts by conducting on-site tours, providing appropriate services and providing senior staff members to speak to employee groups;
- Participating in public campaign events such as campaign kickoffs and celebration events;

C. Partners will not conduct fundraising or other activities that will interfere or compete with those of the partnership. This means specifically:

- Agencies will not promote donor option;
- Agencies will not conduct payroll deduction fundraising campaigns outside of their own organization, at any time of the year.
- The agency will notify UWECl of its intended fundraising activities in its annual allocation application. This information will be used to communicate among agencies when fundraising activities may be competitive in nature.

Foundations and Fiscal Agents:

Foundations that provide services and 501(c) (3) status to partner agencies or programs are requested to follow the fundraising guidelines for those agencies or programs.