



# Community Funding Policy and Procedures

## Purpose

The City frequently receives requests from Organizations for funding and other assistance to provide support for activities that benefit the Carrollton community. The City recognizes that certain Services, Special Events, Arts Programs, Major Events, and Special Projects, as defined herein, provide general benefits to the residents of the City as a whole and desires to assist in the funding when the City, in its sole discretion, deems it appropriate and feasible for the purposes of encouraging the ethnic, cultural, historic, health, recreational, or environmental aspects of the City in ways that are not already provided in or by the City. The purpose of this Policy is to establish processing and evaluation criteria for funding requests received from Organizations that provide Services, Special Events, Arts Programs, Major Events, or Special Projects for the benefit of Carrollton residents. Each fiscal year, the City Council may allocate funds in the operating budget for Organizations.

## General Policy

This Policy provides a statement of guidelines and criteria for distributing Community Funding Grants. Community Funding is intended to augment the efforts of nonprofit organizations to benefit residents in Carrollton. It is the City's policy to have a program that can channel requests through an application review, thereby ensuring that all requests are evaluated consistently to enter into agreements for specific measurable services and to ensure that funding recipients are held accountable for providing the agreed upon services within the specified time frame. Regardless of eligibility, however, nothing in this Policy entitles an Organization to assistance from the City. All decisions about whether, and the amount of, assistance will be provided shall be made by the City Council in its sole discretion.

By law, Community Funding may only be spent for a public purpose benefiting the residents of the City and must comply with all applicable state and federal laws. The activities recommended for funding must be an activity which benefits the general community of Carrollton residents, including social welfare services, and promotion of the arts. The City Council authorizes the City Manager to make administrative modifications to the Community Funding Program and Application to ensure compliance with applicable laws. This Policy and the funding mechanisms should be reviewed every two years by the Community Funding Committee, for adoption by Council.

## Funding Philosophy

Requests for funding received from organizations will be considered during a specified time period annually. The Community Funding Committee will determine the appropriate avenue for funding based on the activities the Organization will perform: Services, Special Events, Arts Programs, Major Events, or Special Projects.

Due to limited resources, not all requests will be funded. It is not the City's intention to fund each request received, but rather to evaluate each proposal and provide funding to those organizations which most effectively serve the needs and improve the well-being of the residents of Carrollton.

Special consideration is given to proposals that replace or enhance services that the City may otherwise provide. The City also puts a higher priority on services that have broad community appeal.

Community Funding Grants made in excess of \$5,000 will be reimbursement based as set forth in each Organization's contract, which shall be based upon the amount of funds granted. All funds will be dispersed in accordance with the guidelines established below.

There is no roll-over of the funds for the Community Funding Program (within the City's operating budget) from one fiscal year to another. Any funds that were not allocated by the end of the fiscal year or spent by an Organization during the fiscal year in which they were granted will be returned to the City's General Fund.

The City Council encourages a goal of self-sufficiency for all Organizations. The City Council supports providing funding to Organizations that have demonstrated their effectiveness in raising funds and volunteer services for their programs within the community. The Council discourages an over-reliance on City financial assistance to maintain such programs on an ongoing basis. Therefore, all Organizations requesting funds from the City must continue efforts to develop stable private funding sources and City funds may not exceed ten percent (10%) of the annual budget of the Organization.

## Definitions

1. "Organization" means (a) a nonprofit organization that qualifies for tax-exempt status under Section 501 of the Internal Revenue Code, (b) a group consisting of employees of a business or businesses located in the City, or (c) a group consisting of individuals the majority of whom are residents of the City that has been formed for the purpose of planning and conducting a Special Event or performing a Special Project.
  - a. The term "Organization" does not include citizen groups formed for the purpose of supporting or partnering with existing City services, such as the Friends of the Library, Friends of the Perry Museum, or other similar groups.

2. “Services” means any activity as developed by an Organization that provides programs and services designed to improve life situations of the residents of the City of Carrollton, regardless of which county the resident resides. Examples of Services include the following:
  - a. Information and Referral Services: health and social services, job opportunities, support groups or transportation; and
  - b. Indirect Assistance: in collaboration with other organizations, provides awareness of needs and how to maximize utilization of resources, community education, participation in community-wide issues, and provide volunteer opportunities for community-wide involvement.
3. “Special Event” means an activity to be held or offered within the City developed by an Organization that draws participants who may reside inside and/or outside the City and that provides a general benefit for the residents of the City as a whole. A Special Event is categorized as either (a) a cultural Special Event that encompasses creative expressions through theater, music, dance, art, and similar artistic endeavors that showcase or celebrate the City's ethnic diversity, or (b) an educational Special Event that provides informational programs relating to ethnic, cultural, historic, health, recreational, environmental, or similar interests.
4. “Arts Program” means providing encouragement and promotion of tourism, historic preservation, business development, and/or arts programming.
5. “Special Project” means an undertaking by an Organization that results in a tangible item built or located on City property or an on-going improvement to City property that provides a general benefit to the residents of the City as a whole.
6. “Major Event” means an event that is held not more than once per year, where the anticipated attendance will exceed 40,001 persons over the course of the event, which can be one or more days, that provides a benefit to the residents of the City as a whole.
7. “Occurrence” means a Special Event, Arts Program, Major Event, or Special Project.
8. “Eligible Expenses” means costs that are solely related to the production, promotion and hosting of an Occurrence. Examples of Eligible Expenses include permit costs; public safety costs; staffing; décor; Carrollton-based venue; Carrollton-based lodging; transportation; equipment rental; and entertainment. Eligible Expenses do not include costs related to alcohol (for sale or consumption); taxes; gifts; existing deficits, loans, interest on loans, fines, penalties or costs of litigation; projects or events that are extensions of training (i.e., academic programs, conferences, classes and workshops);

costs related to performances or programs already funded or reimbursed by another entity; scholarships or cash prizes; any funding for activities, including hotel expenses, taking place outside of the city limits City; faith-based organizations using funds for events or activities which have a primary purpose that is religious, or programming that exists as part of religious services; purchase of equipment (except rental costs directly affiliated with the Occurrence); capital building expenses; or meals, refreshments, and/or catering expenses.

9. “Community Funding Committee” means the ad hoc committee, consisting of three City Councilmembers appointed by the Mayor for the purpose of reviewing the applications received for Services, Special Events, Arts Programs, Major Event, or Special Project grants and making recommendations to the City Council with respect to such applications.

## Eligibility

To be eligible for funding, Organizations:

- Must be tax exempt;
- Must be nonprofit (and must be able to provide the 501(c)(3) status form);
- Cannot include scholarships as part of their funding request;
- Cannot include debts as part of their funding request;
- Must benefit the general community of the City of Carrollton and its residents;
- Must provide evidence of insurance as acceptable to the City of Carrollton;
- Must be free from discrimination based on race, color, creed, nationality, sex, marital status, disability, religion, or political affiliation; and
- Must be located in Carrollton or a majority of its members must live in Carrollton.

## Determination of Assistance:

By law, Community Funding may only be spent for a public purpose benefiting the residents of the City and must comply with all applicable state and federal laws. The activities recommended for funding must be an activity which benefits the general community of Carrollton residents, including social welfare services, promotion of the arts, and community promotion of the City. The City Council authorizes the City Manager to make administrative modifications to the Community Funding Program and Application to ensure compliance with applicable laws.

There is no roll-over of the budgeted funds for the Community Funding Program (within the City’s operating budget) from one fiscal year to another. Any funds that were not allocated by the end of the fiscal year or spent by the Organization during the fiscal year in which they were granted will be returned to the City’s General Fund.

The event should benefit the general community of Carrollton residents. The Application must be completed in full and submitted by the deadline. Incomplete or untimely Applications will not be considered.

## *Services Guidelines*

### 1) **Procedure**

Any Organization providing Services in the City of Carrollton may apply for Community Funding by submitted to the City a Community Funding Application (“Application”) in the form required by the City. The Application must include a full explanation about the Services. The Application shall be submitted to City staff, who will review the Application for completeness. The Community Funding Committee will evaluate completed Applications to determine which Organizations will receive funding. Additional information, an interview, or presentation to the Committee may be required.

- 2) Applying for funds does not ensure that the request will be granted. Funding for the City’s Community Funding Program is limited and some Applications, while worthy, will not be funded due to the limited resources.

Community Funding is limited to Organizations that have completed the Internal Revenue Service (IRS) process to become a 501(c)(3), nonprofit organization. Formal nonprofit status must be up-to-date and submitted as requested on the Application. Organizations must be in good standing. Organizations may apply for funding only if the entity serves a public purpose and follows the laws governing the use of public funds.

### 3) Payment and Use of Community Funding Grant Funds for Services

- a) Organizations that receive funding will be required to enter into a contract with the City that specifies the responsibilities of the Organization with respect to the use of the Community Funding Grant. Once approved, the Community Funding Grant will be processed by City staff, as set forth herein or in the contract.
- b) Organizations providing social welfare services will be required to submit, on a quarterly basis, a Social Services Report that provides demographics on individuals serviced by the Organization. All funding will be disbursed on a quarterly basis. The first disbursement will coincide with the beginning of the fiscal year upon completion of the contract for Services; all subsequent disbursements will be made upon receipt of the Social Services Quarterly Report.

## *Special Event, Arts Program, Major Event, or Special Project Guidelines*

- 1) Organizations seeking assistance from the City with respect to an Occurrence must complete an Application and submit it to the City’s Finance Department by the established deadline. The Application should include a detailed description of the Occurrence, the total budget for the Occurrence, the estimated resident and non-resident attendance at the Occurrence, and such other information as the City may request.

- 2) The Community Funding Committee will review the Applications received for Occurrences scheduled to be held during the next fiscal year and make a recommendation to City Council with respect to which Organization, if any, should receive a Community Funding Grant and the amount of the recommended grant. Such recommendations shall be presented to the City Council as part of its budget considerations for the following fiscal year.
- 3) For purposes of this Policy, reimbursements, if applicable, will only be made for Eligible Expenses.

*Special Events & Arts Programs*

- 1) The Community Funding Committee should analyze the Applications and base any grant recommendation on the following factors:
  - a) The quality of the Special Event or Arts Program (collectively referred to as “Activity”) as demonstrated by the description and history of previous Activities, including the extent to which the Activity’s theme and events reinforce the social values in the community and provide the type of desired programs that reflect the City’s diverse interests;
  - b) The extent and feasibility of the administrative oversight of the Activity provided by the Organization;
  - c) The potential of the Activity to attract visitors to the City and the economic impact the Activity will have for the City’s hotels, restaurants, and retail community;
  - d) The overall benefits of the Activity to the residents of the City as a whole; and
  - e) The total attendance at the Activity in the previous and prior years. First-time Activities or Activities that cannot provide a verifiable attendance record in the previous year are not eligible for a Community Funding Grant.
- 2) The total amount of the Community Funding Grant to be awarded to an approved Activity shall be based on the verifiable attendance at the Activity in the previous year as follows:

<b>Attendance in the Prior Year</b>	<b>Maximum Amount of Grant</b>
Under 1,000	\$1,000
1,000 to 2,499	\$2,500
2,500 to 4,999	\$5,000
5,000 to 9,999	\$7,500
10,000 to 19,999	\$10,000
20,000 to 39,999	\$15,000
40,000+	\$25,000

- a) “Verifiable attendance” means that the Activity’s attendance numbers in the previous year are based upon either (1) actual ticket sales at the event or (2) an actual head count provided by a reliable source independent from the Organization. The Community Funding Committee may evaluate the reliability of the attendance numbers provided by the Organization from either source and make reasonable adjustments to such attendance numbers as the Community Funding Committee deems appropriate.
- 3) The maximum grant shall not exceed 25% of the Eligible Expenses for the Activity or \$25,000, whichever is less.
- 4) For Organizations providing an Activity, funding will be provided in one payment upon completion of the contract, if the amount of the Community Funding Grant does not to exceed \$5,000. If an Organization is granted funding in an amount that exceeds \$5,000, grant funding will be paid on a reimbursement basis as further described in this Policy.
- 5) Payment and Use of Community Funding Grant Funds.
  - a) Organizations receiving a Community Funding Grant for an Activity may use the funds to pay for Eligible Expenses incurred by the Organization related to the Activity.
  - b) The City will pay an approved Community Funding Grant to the Organization within thirty (30) days after submission by the Organization to the Finance Department of detailed invoices or receipts reflecting Eligible Expenses relating to the Activity. Such documentation shall be submitted to the City within thirty (30) days after the completion of the Activity, or it will not be considered.

### *Special Projects*

- 1) The Community Funding Committee should analyze the Application for a Special Project and base any grant recommendation on the following factors:
  - a) The overall benefits of the Special Project to the residents of the City as a whole;
  - b) The extent and feasibility of the administrative oversight of the Special Project provided by the Organization; and
  - c) The cost to the City of ongoing maintenance and upkeep of the Special Project after its completion.
- 2) The maximum grant shall not exceed 25% of the Eligible Expenses for the Special Project or \$10,000, whichever is less.
- 3) Payment and Use of Community Funding Grant Funds.

- a) Organizations receiving a Community Funding grant may use the funds to pay for any r Eligible Expenses incurred by the Organization for completing the Special Project.
- b) The City will pay an approved Community Funding Grant to the Organization within thirty (30) days after submission by the Organization to the Finance Department of detailed invoices or receipts reflecting Eligible Expenses relating to the Special Project. Such documentation shall be submitted to the City within thirty (30) days after the completion of the Special Project, or it will not be considered.

## Major Event

- 1) A Major Event may be considered for a Community Funding Grant award of Eligible Expenses in an amount not to exceed 25% of the Eligible Expenses for the Major Event or \$100,000, whichever is less. A Major Event Application may be considered outside of the standard budget process and is not due by the regular Application date.
- 2) The Community Funding Committee should analyze the Application and base any grant recommendation on the following factors:
  - a. The quality of the Major Event as demonstrated by the description and history of previous events held by the Organization, including the extent to which the Major Event's theme and events reinforce the social values in the community and provide the type of desired programs that reflect the City's diverse interests;
  - b. The extent and feasibility of the administrative oversight of the Major Event provided by the Organization;
  - c. The potential of the Major Event to attract visitors to the City and the economic impact the Major Event will have on the City and for the City's hotels, restaurants, and retail community; and
  - d. The overall benefits of the Major Event to the residents of the City as a whole.
- 3) Payment and Use of Community Funding Grant Funds.
  - a) Organizations receiving a Community Funding grant may use the funds to pay for any Eligible Expenses incurred by the Organization related to the Major Event.
  - b) The City will pay an approved Community Funding Grant to the Organization within thirty (30) days after submission by the Organization to the Finance Department of detailed invoices or receipts reflecting Eligible Expenses relating to the Major Event. Such documentation shall be submitted to the City within thirty (30) days after the completion of the Major Event, or it will not be considered.



## Criteria

In making funding determinations, the City may consider the following criteria; among others:

- Does the Organization provide a service to the overall community of Carrollton?
- How will the Organization use the funding to benefit the citizens of Carrollton?
- Is the size and make-up of the Organization equipped to provide services to the overall community?
- Does the Organization have a positive image in the community?
- Does the Organization have a high level of fiscal management?
- Is the Organization well organized to ensure longevity in the City of Carrollton?
  - Does the Organization have an active Board of Directors?
- Is there a history of satisfactory service provided to Carrollton citizens?
- Does the Organization provide services without requiring attendance or participation in any political or religious group?
- Did the Organization attend and present their requests to the Community Funding Committee? Did the Organization provide an annual budget and financial statements (prepared using an appropriate method of accounting) to demonstrate sound financial management?
- Does the Organization make its services available to all applicants based on established non-discrimination criteria?
- Does the Organization possess ongoing program evaluation tools?
- How will the Organization leverage the City dollars provided to help their Organization succeed?

## Timelines

Application and supporting documentation must be submitted by the deadline listed on the Application. Applications will be reviewed and considered by the City only as part of the City's annual budget process for the next succeeding fiscal year. As a result, Applications must be submitted no later than May 31. Applications received after the deadline, that fail to respond to all of the requested information, or that provide inadequate responses to the requested information shall be returned to the applicant and are not eligible for consideration for a grant.

## Compliance

- 1) The City Council shall have the final determination regarding whether to provide a grant for any Service, Special Event, Arts Program, Major Event, or Special Project and the amount of any such grant. Such determination may be based upon the criteria listed in this policy, the recommendations of the Community Funding Committee, the availability of sufficient funds in the City budget, the prioritization of the use of City funds, or such other reasons as the City Council may, in its sole discretion, deem appropriate to ensure the expenditure serves the general benefit of the residents of

the City. The City Council is not obligated to provide a Community Funding grant to any Organization or for any Services, Special Event, Arts Program, Major Event, or Special Project to which it provided a grant in any previous year. The City reserves the right to discontinue funding of this Policy at any time and for any reason.

If funds are not spent in accordance with the approved purpose, the Organization will be required to return the granted funds. Failure to provide proper documentation in a timely manner may jeopardize any future funding. The City of Carrollton reserves the right to conduct an audit and/or require additional back-up information to substantiate how funds received from the City were spent.

- 2) The approval of a Community Funding Grant does not obligate the City to provide marketing support for the Organization. Any marketing support will be provided, if at all, consistent with the City's Guidelines for Public Access to City Information Sources. Any use of the City's Logo must be used in accordance with the City's policy as established by the City of Carrollton's Marketing Services Department.
- 3) Prior to reimbursement of Eligible Expenses, the Organization shall provide City with a notarized affidavit attesting that all bills and expenses have been paid by the Organization. Failure to submit such affidavit within ten (10) calendar days after submitting receipts shall invalidate the Community Funding Grant award made by the City and the Organization shall be ineligible for funds during the then-current fiscal year.
- 4) Should the City receive notice that the Organization has failed to pay a vendor for any event that has been awarded a Community Funding Grant, the Organization shall be ineligible for funding until the vendor supplies the City with a notarized affidavit that the outstanding expense has been paid. This requirement shall not extend any deadlines set forth above and may cause loss of funding during any fiscal year. It is solely the Organization's responsibility to ensure payment to its vendors and nothing in this Policy shall be read to create a partnership, joint venture, or joint enterprise between the Organization and the City.
- 5) In the event that the City receives evidence of non-payment from a vendor for any event in which an Organization previously submitted an affidavit that all expenses have been paid, the Organization shall be ineligible for a Community Funding Grant for a period of five (5) years.
- 6) Unless otherwise provided herein, all Community Funding Grant awards shall be made as part of the annual budget process and adopted by Council in its formal budget.
- 7) Any Community Funding Grant made under this Policy is not intended to be nor may it be considered to be an endorsement of the Organization or its event. The

Organization is solely responsible for all the content, performance, venue, activities, and liabilities for the Service, Special Event, Arts Program, Major Event, or Special Project and nothing in this Policy, nor the contract for the grant, shall be read to create a partnership, joint venture, or joint enterprise between the Organization and the City. This policy is created pursuant to the City's authority under Texas Local Government Code § 380.002(a) in order to develop and expand the economy or commerce within the City or to eliminate unemployment or underemployment.