

Service Organizations Funding Management Process Revisions

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Items to Address

1. Criteria for which SO need to have a formal presentation of their application to Council
2. Monitoring requirements for each SO after the grant has been awarded
 - a. Quality of financial statements submitted (audited vs Form 990)
 - b. Frequency of financial statements
 - c. Frequency of quarterly reports
 - d. Allowing the initial grant application package to suffice for the length of the grant
 - e. Removing the requirement to keep grant funds in a separate account
 - f. Expenditure summary of items funded by City grant

Issue:

Criteria for which SO need to have a formal presentation of their application to Council

Recommendation:

New/Existing SO	Amount of Request	Inc/Decr Request	Presentation
new	any	n/a	yes
existing	any	equal or decrease	no
existing	≤ \$20,000	increase	no
existing	> \$20,000	increase < 50%	no
existing	> \$20,000	increase > 50%	yes

Justification:

- Receive annual application package
- New or large material increases will be presented
- All presentations should be succinct and limited to 10 minutes
- Council reserves right to request a presentation on any application

Issue: Monitoring requirements for each SO after the grant has been awarded - Quality of financial statements submitted

Recommendation: Audited FYE financial statement requested. Form 990 submitted to IRS sufficient in absence of audit.

Justification:

- The larger SO will already have an audited statement but smaller SO can not afford the expense of an audit.
- They do have to certify to the IRS their financial activity and position which will be sufficient.

Issue: Monitoring requirements for each SO after the grant has been awarded - Frequency of financial statements

Recommendation: No financial information required after the awarding of a grant for the term of that grant.

Justification:

- One-year contracts
- Interim information additional burden
- If grant is for a specific purpose, contract can (if deemed necessary by Council) require grant paid after expense incurred and documented
- Reserve the right to request financial information at any time during the term of the grant

Issue: Monitoring requirements for each SO after the grant has been awarded - Frequency of quarterly reports

Recommendation: Quarterly status reports not required.

Justification:

- One-year contracts
- Quarterly status reports additional burden
- If grant is for a specific purpose, contract can (if deemed necessary by Council) require grant paid after expense incurred and documented
- Reserve the right to request financial information at any time during the term of the grant

Issue:

Monitoring requirements for each SO after the grant has been awarded – Initial grant application package

Recommendation:

Initial grant application package will suffice for the length of grant

Justification:

- Alleviate excess burden on SO and city staff
- Interim information is not helpful
- Reserve the right to request information at any time will cover the city in the rare case a specific circumstance requires additional due diligence

Issue:

Monitoring requirements for each SO after the grant has been awarded – Funds held in separate account

Recommendation:

SO not required to hold grant funds in separate account

Justification:

- Adds additional burden and expense for SO (especially smaller SO)
- Difficult to enforce
- Does not provide material risk mitigation for the city

Issue: Monitoring requirements for each SO after the grant has been awarded – Expenditure summary

Recommendation: Notarized summary of how previous grant was expended to be included with annual grant application package

Justification:

- Provides documentation to city of how SO utilized previous year's grant
- Allows Council additional information of previously awarded grants for consideration of new request

Mitigants

1. City receives thorough initial application package in April
2. Grant contracts are all one-year in length
3. Grants awarded in summer and paid in October making interim information overly burdensome and not helpful
4. Time between grant being paid and next year's application package is six months
5. City reserves right to request information in the interim, if warranted

Summary

1. Require presentations for new or material increase requests
2. Require audited FYE financial statements or IRS Form 990
3. Do not require interim financial statements
4. Do not require quarterly status reports
5. Initial grant application package suffices for term of contract
6. Grant funds not required to be held in separate account
7. Notarized expenditure summary included in grant application