

	<p style="text-align: right;">MARC CSC AGENCY POLICY: USE OF 501c3 BY COMMUNITY PARTNERS Policy No: 3</p>
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USE OF 501c3 BY COMMUNITY PARTNERS

PURPOSE

In 2004, the Mid-America Regional Council secured a 501c3 designation by the Internal Revenue Service for a subsidiary corporation to enable MARC to seek and secure funds from public and private sources that require such IRS charitable status. The public and private funds enable MARC to expand its programs and services and to enhance its work to serve the Kansas City region. On several occasions, community partners have asked MARC to allow the use of its 501c3 designation to secure private foundation and corporate funds. These organizations are generally closely aligned with MARC programs or are local government agencies that do not have a nonprofit charitable subsidiary. The following policies are intended to ensure that MARC’s reputation in the community and its financial status are not placed at risk by enabling other organizations to secure funds using MARC’s 501c3 designation.

These policies are intended to provide guidance to the MARC CSC Board and MARC staff in working with community organizations that request MARC assistance in securing certain public and private funds. The policies consider two types of arrangements.

1. The first is to provide support to agencies and organizations for which MARC has an ongoing relationship and where the funding being provided is directly benefiting an existing regional program.
2. The second type of arrangement is to provide limited fiscal services where the funding agency, usually a private foundation or business, desires to contribute funds to a community endeavor. The organization benefitting from the funding has a relationship to MARC but the program supported may not be directly related to a current MARC initiative. MARC CSC would accept funds on behalf of the organization identified by the funding entity, and re-grant the funds to that organization.

MARC would determine the best way to structure the distribution of the funds. One method is as a grant with all reporting and performance obligations to be met by the organization receiving the benefit of the funds. A second approach is for MARC CSC to contract with the organization for services and MARC would be responsible for grant administration, monitoring performance, reporting, accounting and auditing.

1. Considerations for MARC CSC Board Decisions Regarding Fiscal Services

The MARC CSC Board desires to support regional initiatives that build a stronger metropolitan area. At the same time, the board wants to ensure MARC’s ongoing fiscal integrity and maintain strong relationships with public and private funders and other community members. The following criteria and

procedures will help to ensure that the MARC CSC designation remains a strong component of our organization's work to serve the region.

Criteria

1. The project to be supported with funds directed through MARC CSC will benefit a program or service that is directly related to MARC programs and activities and would further advance the work of the MARC organization. Alternatively, the project could be one that is a high priority for MARC member local governments but where MARC is not currently providing support.
2. The project to be supported with funds directed through MARC CSC will be directed to an organization with which MARC has an established relationship, particularly local governments.
3. The organization responsible for carrying out the program or service has the capacity to successfully carry out the proposed project or activity, account for funds and report on outcomes.
4. If the program or service affects a specific city or county or is to be supported by a local government, the governing body or chief administrative officer for the local government confirms support for the program or service.

2. Fiscal Integrity

MARC strives to manage all funds, assets and other resources under its control with a high degree of responsibility, integrity, transparency and accountability. The MARC CSC board recognizes that as it may assume financial and legal responsibility for the use of funds it accepts on behalf of community organizations. MARC will need to set in place and maintain adequate systems to monitor use of the funds. MARC will set up a separate grant or project to account for and report on each of the contributions separately. In those cases where multiple organizations are contributing to one activity (e.g., Lewis and Clark Bicentennial) all of the contributions could be combined into one grant with approval of each funder.

3. Re-Granting of Funds

MARC could arrange to disperse the funds in several different ways, depending on the nature of the project, the source of funding and the reporting requirements. These approaches include:

1. Contract with the local agency to provide a grant, passing through the funds less the administrative fee. This relationship assumes that the local organization has a clear defined use for the funds and reporting requirements by the funding agency are minimal.
2. Contract with the local agency for professional services, reimbursing the agency for expenses associated with the project and consistent with a defined scope of services and a budget. This contractual relationship will enable MARC to monitor performance and appropriately report on outcomes to the funding agency.
3. Purchase goods and services directly on behalf of a local organization and through a memorandum of agreement or transfer of ownership agreement, meet the obligations of the funding agency.

4. Intellectual Property

In limited situations, charitable or other grant funds may be used to create Intellectual Property. MARC and the local agency will have a written understanding about the ownership of copyrights, contact lists, and other intangible properties created or obtained for the project.

5. Administrative Expenses

MARC incurs some obligation and administrative effort to support the receipt and re-granting of another organization's funds. In most cases where MARC CSC serves as the fiscal agent, MARC will retain a small administrative fee to help in covering expenses. MARC and the agency requesting MARC CSC assistance will jointly determine the amount of the fee.

6. Requirements for Organizations Seeking MARC CSC Assistance

A request should be made to MARC by the organization requesting the assistance so that MARC staff may determine whether it is appropriate for an application to be submitted to a funder on the organization's behalf. The request should include information on the funding source, amount of the request, activity/project to be supported, and how the project relates to MARC's mission or current programs and services. The request should be made well in advance of any application for funds being submitted to ensure that MARC has adequate time to review the request. MARC requires a minimum of 45 days for staff to review a request and make a recommendation to the CSC Board.

If MARC staff determines that an application using MARC CSC designation is appropriate, then MARC staff would contact the funding agency (if a private foundation or corporate sponsor) to ensure that an application on behalf of an organization would not preclude or limit MARC's ability to raise funds for its own purposes.

If MARC staff determines that a recommendation for an application to be submitted on behalf of an organization is appropriate, MARC staff will work with the organization to review the application and budget, including an administrative fee for MARC, and discuss contract arrangement and reporting requirements.

MARC staff would submit a recommendation to the MARC CSC board for authorization to submit the application on behalf of the organization and to contract with that organization if the funds are awarded.

BOARD APPROVAL AND REVISION DATES

Approved: October 16, 2013