



Community Investment Policies & Procedures

United Way of the Lowcountry, Inc.
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Introduction

Community Investment Mission Statement

The Community Investment Committee (CIC) of United Way of the Lowcountry, Inc. invests undesignated United Way contributions in accordance with the ***Priority Needs, Highlighted Areas of Need, Other Needs, and One-Time grant funding needs*** of Beaufort and Jasper Counties. The CIC ensures accountability to donors, responsiveness to community needs, clarity of the investment process and support of community organizations to achieve outcomes in alignment with ***Priority Needs*** areas of literacy, hunger, shelter, poverty and health (including teen pregnancy, access to healthcare, diabetes, cancer, heart disease, mental health and AIDS/STD); ***Highlighted Needs Area*** of family violence and abuse, and ***Other Needs, and One-Time grant funding needs*** of Beaufort and Jasper Counties.

Fundamental Principles

United Way of the Lowcountry, Inc. is an association of human service providers joined together in a common effort to help people care for one another. The agencies funded by United Way are partners. United Way helps partner agencies as it is possible and participates, when useful, in partner agency activities. Likewise, agencies are invited and expected to participate fully in United Way activities.

Listed below are several fundamental principles that support the United Way Community Investment process.

- Informed community volunteers who contribute to the United Way annual campaign, and who reflect the diversity of the community are trained in the community investment and outcome measurement processes.
- Trained community Investment volunteers recommend the investment of community funds raised during the annual campaign.
- Funds are invested with fairness and impartiality, with the betterment of the broad community in mind.
- The community investment process encourages agency creativity, independence and responsibility, and provides United Way with the ability to anticipate and respond quickly and effectively to new needs and problems.
- Agencies that receive United Way funding are accountable for financial and program management. Financial and program information is shared in a spirit of cooperation and full disclosure.
- A basic concept is United Way's assurance that contributed funds are used effectively and efficiently to provide needed quality services.

- The community investment process takes into account the complete human care environment by cooperating with the government sector and other not-for-profit organizations in the delivery of services. It seeks to eliminate duplication, and to leverage United Way funding to maximize services and resources available to the community.
- United Way of the Lowcountry recognizes the essential autonomy of each agency. The volunteer board of directors of each agency is responsible for the management and operations of that agency.

COMMUNITY INVESTMENT PROCESS

Responsibility for recommending the investment of funds raised in the United Way campaign rests with the United Way Board of Directors and the citizens of the community who contribute to the annual campaign. Citizen review by lay volunteers for the purpose of making investment recommendations is a basic principle of United Way. The volunteer process that concludes with investments in individual programs and agencies assures careful scrutiny of financial and program performance. This process is executed through the Community Investment Committee (CIC) of United Way of the Lowcountry, Inc.

The intent of the community investment process is to fund as adequately as possible programs and services that address the community's most serious problems, listed here as United Way **Priority Needs** which include *literacy, hunger, shelter, poverty, and health (including teen pregnancy, access to healthcare, diabetes, cancer, heart disease, mental health and AIDS/STDs)*, the **Highlighted Needs** of *family violence and abuse, Other Needs, and One-Time grant funding needs*.

United Way's Board is responsible for the distribution of all United Way funds. The CIC, a standing committee of the board, is responsible for making recommendations to the board about the investment of funds raised during the annual campaign.

Types of Investments Available

United Way of the Lowcountry believes that the method of investment for each partner agency should be flexible to best meet the financial needs of the agency and to maximize the impact of United Way funds in the community. Specific categories of funding are detailed below to clarify the funding relationship between United Way and partner agencies. Agencies are encouraged to carefully review the funding alternatives. Agencies must complete and sign the cover sheet on the Request for Investment package and specify the type of funding being requested. This may require advance consultation with United Way staff or Community Investment volunteers.

Funding type must be declared for each program submitted for review. Programs and program funding must specifically relate to the agency's mission.

Priority Area Funding

This corresponds to the **Priority Needs** identified as the most pressing community problems, and includes five priority areas – literacy, hunger, shelter, poverty, and health (including teen pregnancy, access to health care, diabetes, cancer, heart disease, mental health and AIDS/STD). Priority Area Funding fulfills the donors' desire to see their contributions address these needs with measurable results. The CIC invests funds with agencies that offer programs and services in these areas.

Highlighted Area Funding

This corresponds to the **Priority Needs** identified as additional community problems including family abuse and violence. The CIC invests funds with agencies that offer programs and services in these areas.

Other Needs Funding

This provides a stable source of general operating support for agencies that meet other ongoing needs not identified as **Priority Needs or Highlighted Needs**, but that are vital to the health and social well being of the community.

One-Time Grant Funding

When available, one-time grants provide funds for innovative programs or services that meet new or existing needs. One-Time Grant funding may provide seed money for new programs and is open to all Beaufort and Jasper County 501(c)3 health and human service agencies that are addressing a priority or highlighted need. Applications for One-Time Grant Funding would be recommended through the CIC.

Requirements for Agency Funding Application to United Way of the Lowcountry Community Investment Process

It is the purpose of the Community Investment process to provide the Beaufort and Jasper County communities with services that meet the needs of their citizens, provided by local agencies that efficiently use United Way funding to effectively offer impactful programs.

To ensure that Partner Agencies are supported in their efforts to submit applications that meet the requirements set forth by the Community Investment Committee, agencies will be offered information sessions that may include but are not limited to:

- Agency Executive and Board Member Information Session to provide updated information about Community Investment policies and procedures including the Community Investment cycle calendar, activities and scoring tools.

- Outcomes Logic Model and Budget training sessions (via webinar or large group presentation) to share the specific requirements of the logic model and budget requirements and to provide the agency with a tutorial to complete the application.
- Review of agency draft application prior to the submission of the final application.

Agency Applications must:

- Be received at a United Way of the Lowcountry office by the designated due date, and time.
- Contain all required information and attachments as set forth within the checklist of minimum requirements and accurately reflect the agency, its programs and finances.
- Have formal approval from the agency's Board of Directors and must be signed by the Board Chair (or other authorized Board Officer) before it is submitted to the United Way
- Agency representatives and/or their designees must arrive on time, prepared to present relevant information, engage in discussion and address questions from panel members during the Outcomes Site Visit and Budget Discussions.

The Community Investment Committee will review each Agency Application to ensure it meets the requirements for funding, however:

- If, upon review of the submitted final applications, it is determined an agency application does not meet the minimum requirements UWLC staff will inform the agency executive.
- Following contact by UWLC staff, agencies will be provided the opportunity to make the necessary corrections and resubmit the application by 4:00 p.m. the next business day.

During the Outcomes Site Visit and Budget Discussion agency representatives and/or their designees must arrive on time, prepared to present relevant information, engage in discussion and address questions from panel members. Additionally, during the Outcomes Site Visit and Budget Discussions:

- a. **Outcomes Site Visit**: At a minimum, the Executive Director, Board Chair (or authorized Board Officer), Program Manager and program volunteer(s) must be present at the Outcomes Site Visit.

- b. **Budget Discussion:** The Executive Director, Board Treasurer and Bookkeeper or Accountant must be present at the Budget Discussion.

If at any time during the course of the Community Investment Process an agency does not adhere to the Community Investment Policies and Procedures and/or the agency application for funding does not meet the requirements, the agency may not be eligible for funding in the respective community investment period. These circumstances, as well as extenuating or unforeseen circumstances that prevent the agency from meeting the requirements will be reviewed by the Community Investment Committee. These circumstances will be handled on a case by case basis with the underlying intention to ensure unimpaired integrity, continued partnership, transparent stewardship of contributed dollars, and impactful service provision. If disallowed, the agency may submit an application for investment in future year's funding process.

Community Investment Committee and Panel Structure

The Community Investment Committee is composed of: a chairman and co-chairman who sit on the United Way Board of Directors, panel chairpersons and panel members. The Community Investment Chairman is appointed by the United Way Chairman of the Board to serve a two-year term. The chairperson may serve no more than two terms without stepping aside for at least one year. The co-chairperson serves for two years prior to being appointed CIC chairperson. Each panel member is asked to commit to a four-year term.

All members of United Way's Community Investment Committee are volunteers who contribute to the annual campaign, and who represent all segments of the community and counties. Employees of currently funded or new applicant agencies may not serve on the Community Investment Committee or on any panel. Volunteers who are affiliated with funded or applicant agencies may not serve on the panel to which their agency or program is assigned. Volunteers with United Way of the Lowcountry shall abstain from voting on any matter related to agencies or programs in connection with which they hold volunteer positions.

Community Investment Panels, consisting of lay volunteers, share the task of assessing the assigned agency's application for investment and making funding recommendations to the United Way of the Lowcountry Board of Directors. The Community Investment process consists of several steps that include the application review, outcomes site visit, budget discussion and funding recommendations.

Each of the Community Investment panels is assigned to review four to six agencies based on the number of programs being submitted for investment consideration. Each panel has six to ten volunteer members, one of whom serves as the panel chair. Panel chairs must have at least one year of panel experience.

Two or three members of each panel should be new to that panel each year. This frequently occurs through normal attrition, as experienced members complete their

commitments and depart or rotate to other panels, and as new members are added. Panel chairs may rotate to a new panel, but not necessarily as the chairman of that new panel.

Criteria for Determining Amount of Investment

The United Way of the Lowcountry Board of Directors is responsible for determining the level of funds available for investment in any year, and has final approval authority for all recommended investments. The Community Investment Committee and its panel members propose the recommended amount of United Way investment for each agency evaluated.

United Way's investment criteria form the basis of a system that is characterized by documentation and accountability. Contributors are assured that their gifts to United Way are invested in the community according to the United Way of the Lowcountry mission and strategic plan. Investment recommendations are linked to program outcomes and United Way strategic priorities.

An agency may submit more than one program to United Way of the Lowcountry for funding consideration. Funding type must be declared for each program submitted. All programs submitted to United Way of the Lowcountry for funding consideration must specifically relate to the agency's mission.

The Community Investment Process

The Community Investment process begins during the first quarter of the year. Community Investment Panel Chairs conduct a preliminary review of agency applications prior to the final application due date.. Annotated applications are returned to submitting agencies for revision and submission by the designated due date, time and location.

Agency applications that meet Community Investment Committee criteria are submitted to Community Investment panel members for review. Panel members use the applications to review the agency's mission, strategic plan, collaboration efforts, program description and outcomes reporting, agency standards compliance, budgets and community impact. Each panel member is provided a rating tool to quantify their assessment of agency application, Outcomes Visits and Budget Discussions.

The Community Investment Committee's recommendations are based on evaluation of the quality of outcomes, the demand for programs and services, financial management and proposed budget, and the level of funds available for investment. Two critical steps, the Agency Outcomes Visit and the Agency Budget Discussion, assess agency operations, program outcomes, financial status and fiscal management.

Agency Outcomes Visit

Panel members visit agency sites to meet with Executive Directors, Board members, staff and volunteers. The Agency Outcomes Visit is focused on agency programs and outcomes. Agencies may showcase or introduce programs, and must report the status of program outcomes for each program being reviewed for funding. The Agency Outcomes Visit provides panel members with the opportunity to evaluate what the agency does and how effectively and efficiently they operate.

The Agency Budget Discussion

Panel members meet with Executive Directors, Board Chairs, Board Treasurers and other agency financial staff or volunteers at an offsite location. The Agency Budget Discussion is focused on the agency budget. Agencies must demonstrate fiscal responsibility, accountability and transparency by providing detailed explanations of budget income and expenditures. The Agency Budget Discussion provides panel members with the opportunity to assess agency fiscal status and financial decision making, and to ensure the security of United Way investments.

Community Investment Committee Recommendations to the United Way of the Lowcountry Board

Panel members rate and score agency applications, Outcomes Visits and Budget Discussions, and submit their preliminary recommendations for funding. Collectively, the panel members determine the investment recommendation for each agency. The Community Investment Committee recommended funding level may not exceed the amount requested in the agency application.

The Community Investment Committee chair, co-chair and panel chairs study the recommended investments for continuity and consistency among panel groups and agree on the final recommendation for funding. The CIC Chair presents the recommendations for approval to the United Way of the Lowcountry Board of Directors. If the recommendations are not approved, they are returned to the Community Investment Chair, Co-Chair and Panel Chairs for further study and recommendation. The United Way Board of Directors determines the final investment decisions.

The approved investments to agencies are effective January 1 of the next calendar year unless otherwise indicated. Investments to agencies ordinarily are disbursed in 4 equal quarterly installments. All agency investments are conditional upon United Way reaching its annual campaign goal.

Community outcomes reports, especially in Priority Areas, are the key determiner of United Way of the Lowcountry investment recipients and levels. A four-year phase-in plan conducted from 2005 to 2009 ensured that partner agencies are proficient in collecting data and reporting outcomes. As of the 2010 application process, outcomes

are required for all agency programs funded by United Way of the Lowcountry, Inc. If United Way funding supports the operations of the ENTIRE organization, program outcomes for all programs must be submitted.

Agency Standards

Investments are awarded to organizations that have been evaluated and rated during the Community Investment process and meet the following standards:

1. The agency is incorporated.
2. The agency is tax-exempt under section 501(c)3 of the Internal Revenue Code and certified by the South Carolina Secretary of State's office annually as a charitable organization.
3. The agency has written by-laws and operates according to the by-laws.
4. Active involvement by a volunteer-governed board of directors ensures that operations occur in accordance with by-laws including size of board, frequency of meetings, term lengths, attendance, etc. The Board must be responsible for setting policy and providing oversight of the organization's programs, finances, and management. Financial oversight must be in accordance with generally accepted accounting standards.
5. The agency's mission clearly states how it relates to the Priority Needs and Highlighted Needs of Beaufort and Jasper Counties.
6. The agency has a Strategic Plan outlining its goals and objectives.
7. Sustainability of programs, area of service and collaboration with other organizations is established.
8. A statement of need includes data that supports the decision to implement the program.
9. Program descriptions include purpose, how it works and who it serves.
10. Delivery of services is efficient and cost-effective.
11. Data measurement processes evaluate program impact and document program results.
12. Program effectiveness portrays past, current and anticipated outcomes and impact.

13. Community impact is demonstrated through the agency's operations, people served and types of programs.
14. Programs align with and link to "Together for Beaufort" goals and objectives.
15. The agency illustrates volunteer involvement.
16. Fiscal accuracy, accountability, full disclosure and an independent audit are provided.
17. The agency maintains a reasonable overhead.
18. The agency complies with **All** aspects of the United Way/Agency Partnership Agreement and Fund Raising Policy.
19. The agency complies with prior year recommendations from the Community Investment Committee.

Minimum Eligibility Requirements

To be considered for financial investment by United Way of the Lowcountry, Inc., agencies must meet the following minimum requirements and provide documents to demonstrate compliance.

1. *By-laws, Incorporation and Tax Exemption:*
 - a. Possess a charter/constitution and by-laws;
 - b. Incorporated as a 501(c)3 not-for-profit organization;
 - c. Possess a valid IRS letter of tax exemption 501(c)3 or have applied for tax-exempt status with a submitted copy of the application.
 - d. Registered in good standing annually with the South Carolina Secretary of State's Office, Division of Public Charities.
2. *Governance:*

The agency must be governed by a volunteer board of directors reflecting a cross-section of community leaders and served citizens. The board must exercise control over financial matters, personnel, and policy decisions of the agency or program.
3. *Mission:*

The agency must possess a mission and program of service that meets human needs – addressing at least one of the United Way's ***Priority Needs and Highlighted Areas*** – that does not conflict with or duplicate other community services. Services must be available to residents of either or both Beaufort and Jasper Counties.
4. *Outcomes*

Agencies must demonstrate that each program funded by the United Way has clear and specific goals with evidence of quantifiable outcomes that impact the individual and the community.

5. *Financial Condition and Accountability:*

a. Financial Stability: the agency must operate in a fiscally sound manner to include bookkeeping and accounting records that conform to generally accepted accounting practices for voluntary health and welfare organizations. Agencies dependent on outside funding sources must be able to provide evidence of ongoing financial support from stable sources and/or the community.

b. Audit: Each funded agency must submit to United Way of the Lowcountry financial statements in accordance with generally accepted accounting standards. These statements are required with the application. If an independent audit is required, the agency should provide the most recent audit not more than 24 months old. An agency receiving a qualified audit report should discuss the circumstances and proposed corrections with United Way as soon as the qualification is known to the agency. Financial reporting and Audit requirements vary with the gross revenue of the agency or program as follows:

- *Up to \$150,000*: Audit committee assigned by the governing board to issue a financial report in a format approved by United Way of the Lowcountry, Inc. and signed by at least three members of the agency's board.
- *\$150,000 to \$300,000*: Independent Certified Public Accountant to issue a review that conforms to generally accepted accounting practices for voluntary health and welfare organizations.
- *\$300,000 and above*: Independent Certified Public Accountant to conduct an audit that conforms to generally accepted accounting practices for non-profit voluntary health and welfare organizations.

6. *Representations and Communication:*

A representative of each agency attends the United Way annual meeting, the annual campaign kickoff, and any other important or required meetings. Agencies are notified of dates for both events.

7. *Fund-raising Practices:*

Partner agencies shall not promote, conduct or participate in any fundraising events for their benefit during the United Way of the Lowcountry's designated agency fund raising freeze period. Adherence to all stipulations of United Way of the Lowcountry Fundraising Policies and Procedures must be strictly maintained.

Partner agencies shall not sell or otherwise permit others to use membership lists, nor mail unordered tickets or merchandise with a request for money in return. Partner

agencies shall not publicize or promote third party fundraisers of which they are beneficiaries.

While affiliated in any way with United Way of the Lowcountry, Inc., the agency must not receive support through any combined appeal (umbrella organization) represented in the public sector.

The agency agrees to participate in the annual United Way campaign, to conduct a workplace campaign, and to assist with the implementation of the United Way campaign to the full extent of its capabilities. Failure to comply with United Way fundraising practices and guidelines will initiate a United Way of the Lowcountry Board review, which may result in reduced investments or jeopardize continued association. Board action will be based on individual circumstances.

Procedure for First-Time Funding from United Way

1. Organizations requesting funding for the first time from United Way of the Lowcountry, Inc. should call the United Way office to request permission to participate in the Community Investment process.
2. The Community Investment Committee chairperson and United Way staff member meet with the agency representatives to ensure that the agency meets minimum criteria for funding, and that their mission is aligned with the United Way's priority areas of funding.
3. A completed application with supporting materials is due to United Way no later than 12 noon on the deadline date provided by the United Way office.
4. United Way of the Lowcountry staff conducts an initial review of the new organization's materials to verify that all supporting material is supplied and properly completed. If necessary, United Way staff members work with applicant agencies to assist in preparation of required forms.
5. Proposals passing staff screening are provided to the Panel Chairmen for review and approval. United Way Staff will notify those organizations whose proposals did not pass initial screening.
6. If approved, the agencies are added to the Community Investment process and assigned to a panel for consideration, including an outcomes site visit and budget discussion.

Procedure for Requesting Funds

A Community Investment Request for Investment application package, along with the supporting documents conveying the agency's request for funds **must be submitted by the announced deadline.**

The Community Investment Committee will issue a calendar for each year with specific dates for Community Investment activities. Following is a general timetable for the United Way of the Lowcountry, Inc. funding cycle:

October - November

- E-mail application to agencies and require a return receipt
- Overview training (3 hours to include agency executives and board members)
- Overview training – Alternate date

December - January

- Outcomes training (1.5 hour webinar tutorial)
- Budget training (1.5 hour webinar tutorial)
- Reminder e-mail regarding application due date and draft preview options

February

- Preliminary drafts of Attachment C, D, and E due from agencies
- Panel Chair Training (distribute applications to chairs)
- Panel Chairs return applications with comments to UW
- Reviewed information (attachment C, D, and E) is provided back to agencies with
- Panel chair comments and suggestions via e-mail
- APPLICATIONS DUE BY 5:00PM

March - April

- Panel member training (application distributed)
- Panel training (alternate date)
- Agency Outcomes Visit (two weeks)
- Budget Discussions (two weeks)
- Final panel chair meeting

May – June

- Preliminary recommendations are made to the Board of Directors.
- United Way Board approves preliminary investments.
- Agencies are notified via letter of preliminary investments and provided panel feedback about strengths and opportunities for improvement.

Agency Reserve Funds, Restricted Funds, and Surplus Funds

United Way recognizes the need for reserve, restricted and surplus funds. These funds described below must be reported in the spirit of full disclosure.

1. *Operating Reserves* – United Way support is intended for an agency's current operating program during the fiscal year for which funding is provided. United Way recognizes that it is a sign of good management for an agency to accumulate and hold a reasonable amount of funds as an operating reserve to be used in the event of unexpected reductions in income or other unexpected developments. General practice indicates that an operating reserve in the amount equal to three months of the operating budget is appropriate. United Way recognizes that each agency might have different requirements related to its financial liabilities. Agencies that maintain operating reserves above this level should provide their rationale to the Community Investment Committee .
2. *Capital Reserves* – United Way recognizes that it is a sign of good management for an agency to accumulate and hold a reasonable amount of funds as a capital reserve for those times when an agency has property or equipment that might need replacement or improvements. It is expected that depreciation expenses, based on standard accounting principles, would be used to fund a capital reserve. **No United Way funding may be used to fund a capital reserve.**
3. *Restricted Funds* – Restricted funds are dollars restricted by the source. Contributors or funding sources may specify the use of their funding.
4. *Surplus Funds* – Agencies that anticipate a surplus of United Way funds for the fiscal year should submit a written plan for the use of those funds as soon as possible. If the surplus is discovered after the close of the fiscal year, the written plan must be submitted within 30 days after completion of the audit. Upon receipt, United Way will review the written plan to determine appropriateness and will respond within 45 days. If an agency is requesting United Way funding for the succeeding fiscal year, the most appropriate time to present the planned use for the surplus funds is during the Community Investment process.

Funding Reduction/Discontinuance

Because of limited financial resources and United Way's responsibility for careful stewardship of donors' contributions, decisions may be made to reduce funding. In some cases it might be necessary to reduce investment in an agency, to decrease funding over a specified timeframe or to discontinue United Way funding altogether. These actions might apply in the following circumstances:

- Services provided by the agency are not meeting a ***Priority Need*** in the Community;
- Evaluation reveals that an agency's performance is below acceptable standards;
- Evidence exists that an agency is not producing the results it agreed to produce;

- There is a demonstrated need to realign services to meet new or changing conditions;
- Services can be provided more effectively by another organization or agency;
- Illegal or unethical practices are discovered;
- Results from the annual campaign are less than goal;

A decision to reduce investment in an agency occurs in conjunction with the community investment process and includes input from panel members. Circumstances will dictate how the process is managed. Every attempt is made to work with the agency staff and key volunteers in an equitable and open manner to ensure that the best interests of the agency and the community are served.

Emergency Requests

Emergency requests are reviewed by the United Way President and the CIC, who recommend appropriate action to the Board of Directors.

Agency Fund-Raising and Self-Support Activities

Each agency is required to abide by the United Way Fund-Raising Policy of no fundraising from September 1 through October 31 to avoid adversely impacting the “one united campaign” concept.

Budget/Program Changes During The Year

Budget changes during the year must be approved by the agency’s board of directors. Since the use and purpose of the United Way investment is based upon the information provided during the community investment process, changes that affect that agreement require concurrence of United Way. Timely communications are essential.

Cooperation with United Way

The agency, including its board and staff, agrees to cooperate with and participate in the local United Way campaign and to identify itself as a Partner Agency with the United Way in publications, media, promotions and public relations activities. The agency must abide by the partnership agreement at all times.

Position on Controversial Issues

In carrying out its purpose and mission, United Way of the Lowcountry has traditionally distanced itself from controversial issues by:

1. Remaining neutral on controversial issues;
2. Referring complaints or questions to the responsible parties of the funded agency;
3. Allowing donors to restrict their contributions to specific agencies or to exclude a specific agency; and
4. Recognizing the essential autonomy of each agency and its Board of Directors.