

## **1.0 Purpose**

To set parameters and establish guidelines for the funding of non-county agencies by the County and to ensure transparency, accountability, consistency, and adherence to best practices. This policy also establishes eligibility criteria for non-county agencies and the required public process for consideration and allocation of funding by the Board of County Commissioners.

## **2.0 Policy**

- 2.1 New Hanover County recognizes that nonprofit organizations serve an important role in improving the quality of life for our community by delivering services to our citizens in a cost effective manner through the use of partnerships.
- 2.2 New Hanover County is committed to providing financial assistance to those nonprofit agencies which assist New Hanover County Government in carrying out its mission, and:
  - 2.2.1 Demonstrably contribute to meeting the County's strategic objectives and are consistent with key priorities; and
  - 2.2.2 Support the delivery of needed services that the County does not provide or that can more effectively or efficiently deliver those services; or
  - 2.2.3 Provide programs or services that enhance a County function or service; or
  - 2.2.4 Address a documented need for the non-county agency's program or service.

## **3.0 Non-County Agency Eligibility Criteria**

It shall be the policy of New Hanover County to consider providing assistance to non-county agencies meeting the criteria below.

- 3.1 Non-County agencies and their respective program(s) must be nonprofit or a governmental entity. All nonprofits shall verify their nonprofit status by submitting an IRS tax exempt letter confirming 501 (c)(3) or 501 (c)(6) status, an IRS 990 or 990 EZ form, and a current solicitation license from the North Carolina Secretary of State (or if exempt, the exemption letter).
- 3.2 Non-County agencies must be incorporated and must not have had their revenue suspended by the North Carolina Secretary of State or have overdue federal, state or local taxes.

## NON-COUNTY AGENCY FUNDING POLICY

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- 3.3 All agencies that apply for funding must have been in operation for at least two years by December 31<sup>st</sup> of the year preceding the application deadline. The County does not fund start-up agencies.
- 3.4 Eligible non-county agencies must have a governing board and submit a current board roster.
- 3.5 Agency program(s)/services(s) must be available to all New Hanover County residents who meet the eligibility requirements of the agency/program. Program(s)/services(s) offered by the agency must comply with all state and federal statutes related to protection from discriminatory actions.
- 3.6 Non-County agencies must provide a disclosure of any potential conflicts of interest.
- 3.7 Non-County agencies shall adhere to accountability standards set by the Board of County Commissioners and as required by law, including complying with all financial and performance measurement requirements and reporting, and terms of contracts and/or memorandum of understanding, including meeting all deadlines. Compliance with the standards is a criterion for funding. Funds will not be released until, and unless, all financial, performance, contract or memorandum terms, and deadlines are met. All deadlines for reporting and for delivery of any follow-up information will be clearly stated in writing and included in the County contract.
- 3.8 A nonprofit agency must meet all eligibility requirements on its own, and may not use a funding agent or other third party arrangement to meet eligibility requirements.
- 3.9 Upon receiving funding for at least three (3) consecutive years, a program may be considered for vendor status through an evaluation process by staff. If it is determined that the program will not be recommended for vendor status, the program remains eligible to apply for funding through the non-county agency process.
- 3.10 The first year of funding after a program is in vendor status will be recommended at the level of funding equivalent to the last year of non-county agency funding and subject to approval by the Board of County Commissioners. The partnering department will negotiate funding levels as part of the budget cycle in

subsequent years.

### 4.0 Funding Application Procedure

- 4.1 All non-county agency funding requests must be evaluated, discussed, and funding awarded and/or appropriated by the Board of Commissioners in a public meeting, either as part of the annual budget deliberation and adoption process, or as an agenda item at a regular or special board meeting.
- 4.2 Funding requests must be made in writing. Non-County agencies must complete a non-county agency funding application, and provide all required documentation by the advertised deadline (for annual budget consideration) or Board of County Commissioner agenda deadline (for mid-year requests brought forward by the County Manager or one or more Commissioners, for Board consideration as an agenda item at a public meeting of the Board). Mid-year requests should be an exception, not the rule.
  - 4.2.1 Non-County agency funding applications are available on the New Hanover County website. Completed applications should be submitted to the Finance Department.
  - 4.2.2 Incomplete applications will not be considered for funding.
- 4.3 The County Manager will make non-county agency funding recommendations annually in the Recommended Budget to the Board of County Commissioners.
- 4.4 The Board of County Commissioners will approve final funding for all non-county agencies.
  - 4.4.1 Applicants will be notified within one (1) week of budget adoption or mid-year funding approval.
  - 4.4.2 A revised scope of work and budget reflecting the final award amount will be required of non-county agencies that receive an amount that differs from the original funding request prior to contract execution.
- 4.5 An agency awarded funds must accept the funds by the completion of a contract agreement which must be signed by the agency director and County Manager (or designee). The contractual agreement and other contract requirements must be signed by the agency and received by the Finance Department no later than 30 days after the date the contract is received by the agency. Failure to comply with this date will result in funding awards being withdrawn.

- 4.5.1 No major changes can occur after contract signing, either in activities, financing or use of funds, without requesting and receiving approval in writing from New Hanover County.

### **5.0 Reporting and Monitoring**

- 5.1 Relating to the agency's scope of services, all agencies approved for funding will be required to submit a financial and programmatic mid-year report by January 15 and a year-end report by July 15.
  - 5.1.1 The report must indicate the extent to which County funds have been spent and goals and objectives are being achieved and/or have been achieved.
  - 5.1.2 If performance is not at the expected level, the agency must submit an explanation for the deviation and describe actions it will take to remedy the situation.
- 5.2 Annual Agency Financial Reporting
  - 5.2.1 Any non-county agency that receives \$25,000 or more of funding must submit a financial audit at its own expense. The audit must be conducted by a certified public accountant; financials must be two-year comparative. Additional information may be requested if required to understand the financial statements of the agency.
  - 5.2.2 A non-county agency receiving less than \$25,000 must submit compiled financial statements that have been prepared by an accounting professional and approved by the agency's governing board. Financials must be two-year comparative. Additional information may be requested if required to understand the financial statements of the agency.
  - 5.2.3 Any related-party transactions must be identified, and a detailed explanation provided, if not identified in the audited financial statements. A related-party transaction is a business deal or arrangement between two parties who have a relationship prior to the deal. This could include, but is not limited to, an arrangement between a key member of management, a close family member of key management staff, a parent or subsidiary company, or a member of the managing board. Typical arrangements could include, but is not limited to, purchases, loans or receivables.
- 5.3 Non-County agencies requesting funding may be subject to a program evaluation. Program evaluations can include:
  - 5.3.1 Reviewing current financial relationship with New Hanover County;
  - 5.3.2 Agency background and partnership history (if applicable);

- 5.3.3 Assessing achievement of the County's goals and alignment with New Hanover County's strategic objectives;
- 5.3.4 Performance measurement evaluation and customer evaluation;
- 5.3.5 Cost/benefit analysis and benchmarking; and
- 5.3.6 Identification of program challenges.