NEBRASKA COMMUNITY FOUNDATION

POLICY REGARDING FUNDRAISING FOR CAPITAL PROJECTS

Adopted September 2011; Updated May 2017

Purpose

Affiliated funds ("AFs") of Nebraska Community Foundation ("NCF") are frequently involved in projects to build, renovate, improve, and sustain physical facilities in their communities. There are many risks associated with construction activities ("Capital Projects") due to the substantial amount of money that must be raised, requirements of possible grant funding from the federal and/or state government, liability during construction activity, the extended time frame for such a project and other factors.

Scope

In order to minimize the risks related to Capital Projects and to ensure that all parties involved are aware of an affiliated fund's role with respect to a capital project, NCF has established this Policy. This Policy shall apply to all affiliated funds that are engaged in or plan to initiate fundraising for a Capital Project.

A Capital Project to which this Policy applies is any project involving the construction, expansion, renovation, or installation of a building or other improvement with an expected cost of $10,000 or more. This includes but is not limited to projects such as a community center, swimming pool, fire hall, park, playground, or community sign. The Capital Project must be charitable in nature.

Role of NCF and Affiliated Fund

There are many important roles with respect to envisioning, evaluating, planning, fundraising for, and completing a Capital Project for a community. An affiliated fund may have a number of roles with respect to community projects.

1. An affiliated fund may play a convening role with respect to community projects. One important element of this is to help clearly define the roles of the various organizations involved in the project.
2. An affiliated fund's primary role with respect to a capital project is to raise and grant funds in support of the project.
   - While the AF may establish a fundraising goal for a project, it will not commit to raise all or a particular amount with respect to a project. The reason for this is to avoid the appearance of any legally binding commitment.
   - Responsibility for ensuring that there is adequate funding to complete a capital project shall remain with the owner of the project.
3. Because NCF is a charitable entity, an AF may only raise funds for a capital project that:
   - Serves a charitable purpose (as determined by NCF), and
   - Is owned by a governmental entity (including a village, city, county or public school), or a 501(c)(3) public charity.
4. NCF (including AFs) will not own capital projects at any time during planning, construction, or operation. The owner of the project must be clearly identified and must agree that it will own the project from inception.

5. An AF is a component part of NCF, not a separate legal entity. Accordingly, no Fund Advisory Committee member or other person associated with the AF may enter into an agreement (including a grant agreement) or contract, whether written or oral, for any purpose, including for a Capital Project. Only officers of NCF are authorized to sign agreements and contracts or otherwise obligate NCF. Examples of such agreements include contracts for feasibility studies, architecture services, and construction.

Fund or Account Agreement

A fund or account agreement related to fundraising for a capital project will be prepared that will include the following information:

1. A statement indicating that the purpose of the account is to raise funds to help support the governmental or 501(c)(3) entity's capital project.
2. Project costs which may be funded by the Account (generally, feasibility studies; architectural, design and engineering costs; construction costs; furnishings and equipment; and, to the extent funds remain, operations and establishment of an endowment to support Project).
3. A contingency plan for the use of the funds raised in the event the project does not proceed.
4. A statement that in connection with establishing the account the FAC has provided NCF with written materials (e.g., a board resolution or copy of the minutes of a meeting of Owner's governing body) obtained from Owner that clearly document Owner's approval to take full responsibility for owning and operating the Project.

In some circumstances, a community may want to explore the feasibility of a capital project before having identified an owner for the project. In that event, a capital project planning account may be established to help raise funds for feasibility and planning activities as long as a "Project Sponsor" has been identified for the project. A Project Sponsor is a qualified governmental or charitable entity that agrees to (and has the capacity to) be responsible for entering into contracts for planning activities. NCF (including affiliated funds) will not serve as a Project Sponsor.

Fundraising & Grants

1. All fundraising solicitation materials issued by an AF for a Capital Project will include the following information:
   a. A clear statement that the AF's role is to raise funds to help support the project and name the governmental or 501(c)(3) entity that is the owner of the project.
   b. Project costs which may be funded by the Account (as set forth in the account agreement).
   c. The contingency plan for the use of the funds raised in the event the project does not proceed.
2. The vast majority of charitable gift dollars come from individuals, not foundations or businesses, and grant applications can take considerable time. As a result, the AF and the Affiliated Fund Development Coordinator will jointly decide on the targets for grant applications. Any grant application made by an AF for a capital project must follow NCF's guidelines for applying for grants.
3. Any grant application made by a governmental entity or 501(c)(3) organization related to a capital project in which the grant applicant makes statements about the role of NCF and/or its AF must be reviewed by NCF staff prior to submission.

Other

1. Distributions from the Account for construction costs will be made only to the Owner; planning costs may be paid to a governmental or charitable entity that has agreed to serve as the Project Sponsor or to the vendor. Note that in some cases, disbursements to a party other than the Owner may result in sales tax liability that would not be incurred if NCF made payment to the Owner.
2. Accounts established to raise funds for a capital project may be charged a Value-Added Services fee for projects that require extraordinary financial, grant, and/or governmental reporting, in addition to NCF's normal fees.
3. Administration and activities of an affiliated fund or account established to raise funds for a capital project are subject to other NCF policies and procedures.
4. Any legal fees or other costs resulting from an affiliated fund's failure to adhere to this Policy will be borne by the affiliated fund.
5. Exceptions to this Policy may only be made with the advance approval of the NCF CEO or CFO.