

**UNITED WAY of SOUTH
CENTRAL ILLINOIS
COMMUNITY
INVESTMENT PROCESS**

**PRINCIPLES
PROCESSES
POLICIES
PROCEDURES**



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Principles, Processes Policies, Procedures

The United Way approach to financing human service programs is based on the belief that the interests of the people of our services areas are best served when a unified process is used to make decisions about funding to the agencies which provide services.

United Way grants are used to support the maintenance of the agencies and to provide funding for specific, identified service programs from the agencies. Strict accountability is expected and required of all funded agencies.

As a custodian of community contributions, United Way must assure that services meet changing needs and accepted standards and reflect effective and efficient use of funds. Central to this mission is the working relationship between United Way and its partner agencies.

The Community Investment Committee (CIC) of the United Way, also known as the Funding Panel, is the point at which community financial resources and the needs of the people meet. Sometimes difficult decisions have to be made in light of overall community priorities and available funding potential.

In our community, as in most places, the United Way dollar represents only a part of the total annual expenditures for local health, family and child care, youth and character building services. As such, it is important that United Way dollars are used to buy effective, meaningful, unduplicated services from the partner agencies at the lowest cost to the giving public.

When an agency becomes a partner of the United Way of South Central Illinois (UWSCl), the budget assumes added importance.

- It is the medium through which the agency's service is interpreted to this financing body.
- It forms the basis for the annual grant and payment of funds and the accounting for their use.
- It is the device through which the United Way can assure the contributors that their money is being used efficiently.
- It is the instrument through which community planning may be made effective: expansion in services, reorganization of programs, and consolidation and re-definition of function.

The CIC is given the responsibility of reviewing funding applications and determining whether those applications, presented yearly by participating agencies, show an accurate analysis of program services and dollars required for such operations.

Members of this committee are volunteers -- persons who give their time and thought to study agency and community needs in relation to available funds.

Through objective study and judgment, this committee represents the citizen-givers in determining how contributed funds can best be granted for the most effective well-balanced community services.

COMMUNITY INVESTMENT PRINCIPLES

The United Way has an important responsibility to distribute contributors' dollars wisely, fairly and effectively. A successful process for distributing funds is based upon several fundamental principles:

- low cost fundraising through a single campaign;
- fiscal and program accountability from supported agencies that provide needed services;
- volunteer driven funding decisions;
- a fair process of awarding funds;
- a citizen review process (representing the strength of the United Way system) in which community volunteers consider needs, review agency requests and determine levels of support to needed programs;
- the consideration of funding new programs as needs for those programs are identified.(However, the decision to fund any new program must take into consideration the impact such action will have on existing partner agencies' funding levels, given the fact that the total amount of dollars to be granted is limited by the amount raised in the current campaign.)
- United Way will not support duplication of services by funding programs providing identical services. Exceptions may be made for those programs providing the same service, but in different geographic locations. In the event that existing funded programs are determined to be providing duplicate services, the CIC will be charged with the responsibility of examining those duplicate programs to determine which is operating in the most efficient and effective manner. Based on this examination, the Committee will make a recommendation to the United Way Board concerning the re-directing of funds to the program which is best equipped to provide that service.
- United Way encourages those activities promoting collaboration among partner agencies. Funding decisions may be impacted by an agency's ability to demonstrate that its program is collaborating with other community agencies (or that it is willing to collaborate, but has been unable to for reasons beyond their control).
- Due to changing needs in the community, agencies will not be guaranteed a level of funding equal to that of the prior year. This is necessary in order for United Way to embrace its responsibility as a community impact agent.

Agency Funding Process

- On an annual basis, United Way volunteers will determine whether sufficient funding to admit new partner agencies is available.
- Prior funded agencies are eligible to apply for funding annually, however future funding is not a guarantee. All agencies must apply each year unless a two-year funding cycle has been approved.
- In years that new admissions is offered, one or more target impact areas will be selected. An agency that provides services in a target area is eligible to apply. *See Example on page 6 . Agency's should submit a brief letter of intent that they will be applying for funding within one week of the release of annual applications.*
- Applications are due by deadline date. Funding begins the following January.

Community Investment Policies

Agency Eligibility

Any human services agency, having been determined by the IRS to be a tax-exempt organization under section 501(c) 3 of the tax code, or having been determined as an agency which utilizes funds for 501 (c) (3) purposes, is eligible to apply for funding for its program(s) to the United Way of South Central Illinois. After a careful and thoughtful review of all information submitted by an agency for its program(s), the Community Investment Committee may take one of the following courses of action:

- Recommend to the United Way Executive Committee and Board of Directors that the applying agency's program(s) be funded at a specific level for that funding year.
- Recommend that the agency be placed on designation only status.
- Recommend that the agency be considered an Affiliate Agency.
- Reject the agency's funding application.

Eligibility Requirements

- Be established as tax-exempt organization under the Internal Revenue Code Section 501 (c)3
- Be incorporated and chartered within the State of Illinois, as a not-for-profit organization and be functioning a minimum of two years as not-for-profit, health and human services organization or part of such an organization, and render charitable, philanthropic, health, character-building, or social welfare services for the benefit of residents of the community's that UWSCI serves.
- The two-year requirement may be waived by the UWSCI Board of Directors if; 1) the agency is a new or undemonstrated agency and meets all state, federal, local and all other UWSCI's requirements, and 2) it is evident that the agency will be capable of functioning adequately in the areas of administration, management and financial stability 3) the program that the agency is requesting funding for is meeting the target areas of community impact as selected annually by the UWSCI.
- Must have a constitution and/or bylaws which clearly define the agency's objectives, its organization, and the duties, authority and responsibility of its governing body. Bylaws must be reviewed and updated at least every three years by the Board of Directors
- Management of the agency must be vested in a responsible and active Board of Directors, comprised entirely of unpaid volunteers who meets at least quarterly, and establishes and enforces policy. Membership is comprised of no fewer than seven (7) volunteers. See Quality Standards for more detail regarding best practices.

Eligibility Requirements cont.

- Provide financial reports to UWSCI in accordance with GAAP or Financial Reporting for Voluntary Health and Welfare organizations.
- Organization is reviewed or audited in accordance with GAAP and follows the UWSCI Audit Requirements.
- **Must** provide a Form 990 or 990 EZ annual tax return including all supplements and schedules. For agencies not required to file the form with the Internal Revenue Service it must complete and submit a *pro forma 990*. For agencies or programs that are part of a larger organization, please submit the sections listed below under Pro forma IRS Form 990 Instructions of the Parent 990 and the page referencing your agencies or program.

Pro forma IRS Form 990 Instructions – The IRS Form 990 (long form) can be downloaded from the IRS website (www.irs.gov). *The following sections must be completed: Part I (Summary and Part II, Signature Block), Part VII (Compensation sections A and B), Part VIII (Statement of Revenues), Part IX (Statement of Functional Expenses), and Part XI (Financial Statements and Report).* The audited financial statements and IRS Form 990 must be prepared using the accrual method of accounting and cover the same fiscal period ended not more than 18 months prior.

- Provide a copy of agency's organizational operating budget for both the current year and the following year.
- Maintain sufficient insurance appropriate to protect its Board of Directors employees, facilities and agency funds. This includes but is not limited to:
 - Directors and Officers Insurance
 - Bonding Insurance
 - Liability Insurance
- Submit the State of Illinois Annual Report to the Secretary of State of the prior year.
- The agency must evidence its willingness to cooperate with other agencies in the planning and coordinating of community services to eliminate duplications and gaps and by adapting its own services towards a more balanced and effective community program.
- Services supported by the United Way system should be available and accessible to all persons for whom they are appropriate. Issues of access include awareness, transportation, geographic location, and hours of operation, physical barriers, prejudice, discrimination, cost and affordability.
- The United Way system advocates and strongly encourages diversity among its staff and volunteers. Diversity includes consideration for race, ethnicity, religion, gender, age, sexual orientation, disability and socioeconomic status. However, the responsibility and authority rests with the agency's Board of Directors as the governing body.
- Be Anti-Terrorism compliant with the USA Patriot Act and other counter terrorism laws.

Organizations that are Ineligible for Funding

- Organizations whose services/programs address a problem that is so complex and extensive that United Way resources will have little or no impact on solving the problem.
- Organizations whose services/programs are formal education, except when it may be appropriate in order to impact on of United Way's target areas .
- Organizations whose services/programs are concerned with the arts or cultural achievements with the exception of programs for enrichment, character building, scholarships, esteem building for school-age children in primary and secondary education.
- Organizations whose service/programs are designed to promote or support a specific religious persuasion and/or human services program which require, as a condition of receiving the service, that the client belong to or actively participate in a specific religion or religious activity.
- Organizations whose services/programs are of a political nature including those that exist solely as advocates for special interest groups.
- Organizations whose services/programs support non-human services.
- Any others that the UWSCI Board considers inappropriate for United Way support.

Example of target area request for proposal

2011 application for 2012 funding

Agencies that have programs working on one or more of the target areas below are eligible to apply in 2011 for 2012 funding.

Target Area

Literacy programs

Early Childhood - Preschool

3rd grade

7th grade

Secondary literacy programs

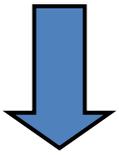
Graduation emphasis

Programs that address truancy

Community Investment Policies

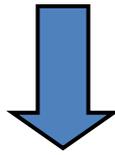
Funding Priorities by Program Area

The Board of Directors of the United Way of South Central Illinois along with community volunteers in coordination with the national goal of United Way Worldwide, *Creating the Opportunities for a Good Life for All* by focusing on the following three program priority areas, also known as community impact areas, under which all programs and services funded by UWSCI must fall.



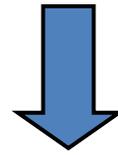
EDUCATION

Helping children & youth achieve their potential



INCOME

Promoting financial stability & independence



HEALTH

Improving people's health

MEASUREMENT AREAS

Quality Child Care
School Readiness
Academic Completion

Supporting basic needs while increasing financial education
Helping hardworking people obtain job training and family sustaining wages
Increasing affordable housing for seniors and families

Increasing access to critical health care services
Reducing substance abuse
child abuse, domestic violence
Increasing health education and preventative care

While Crisis Intervention is not a priority area and all agencies interested in funding by United Way should be working towards solving problems, not just putting a band aid solution on them, we recognize that times are difficult and many in our community struggle to be self-sufficient.

All programs that fall under Crisis Intervention or Safety Net funding should follow the following criteria and should bring to United Way programs that address ways in which clients receiving basic necessity assistance can/will return to self-sufficiency.

Criteria for Crisis Intervention/Safety Net Funding

- a. Provide people with the basic necessities in a disaster or other times of temporary need.
- b. Encourage and facilitate a return to self-sufficiency.

Permitted Use of United Way Funding

United Way allocations are to be used for operating purposes as outlined in the Partner Agency's budget and the annual allocation award letters from the United Way of South Central Illinois. Funding is to be used for the approved program rather than to the agency as a whole. Funding is not transferrable to another program without the prior, express written approval of United Way.

United Way allocations are not meant to finance fixed assets or capital expenditures such as new or major renovations in buildings or structures of the agency unless they are critical to the delivery of services. Programs that support structural building/renovation in an effort to increasing affordable housing for seniors and families is permissible. United Way does understand that administrative and overhead costs are necessary to maintaining effective programming therefore 5% of Administrative and 10% of overhead expenses of the agency's overall budget maybe allocated to each program.

Requests for purchases of vehicles, equipment, furniture, office equipment and other related furnishings necessary for the successful operation of a United Way funded program may be an allowable expenditure and it is permissible to requested to be funded by United Way dollars, however with the understanding by both the Agency and United Way that priority funding will always be directed *first* towards direct program needs. All equipment purchases which are being requested to be funded by United Way dollars must be included in an agency's annual funding proposal.

The panel reviewing the agency will be charged with the responsibility of determining the legitimacy of equipment/asset purchases. Based on the review panel's recommendation, the Board of Directors may disallow any such purchases with United Way dollars.

UWSCl will not assume responsibility for unauthorized deficits for any partner agency. When an agency finds it cannot operate within the approved budget, this information should be brought to the immediate attention of the United Way Board of Directors.

Minimum Annual Agency Participation Requirements.

The following events and or activities must be attended and participated in by each agency. Other events held through the year may be requested of the agencies and are encouraged attendance and/or participation if possible. Appropriate representation includes agency employees or agency volunteers including members of the agency's Board of Directors

- Campaign Kick off
- Campaign Celebration
- Campaign Efforts (CTNA fair, speakers, Radio-A-Thon, campaign video, etc.)
 - All agencies must hold a United Way workplace employee campaign for agencies with 5 or more employees, encouraging their financial support. For those with less than 5 employees an informal appeal should be made to the individual employees. In all cases an appeal should be made to the agencies Board of Directors requesting their financial support and advocacy of the United Way's annual efforts.

Agencies Should Develop Operating Revenue

Agencies shall be expected to realize and use to the fullest extent, all possible sources of operating income that might be secured through the agency's normal program of activities (e.g. fees for services, non-designated contributions, memberships).

Agencies should be encouraged to establish realistic dues and fee policies, which are feasible from the standpoint of the agency's program objectives and which will help supplement the agency's income. In general, the fee policies should insure that no one is deprived of service due to the inability to pay; however, those who can afford to do so will pay the full/partial cost of the service.

Endowment Funds

Agencies are encouraged to accept gifts, devices and bequests for their endowment or permanent funds. A complete reporting of these funds shall be made to the United Way annually. All interest or earnings from invested funds shall be credited to the operating income of the agency, unless such income is designated and restricted by the donor for a specific purpose.

Budget Savings

When an agency realizes savings in budgeted items or receives non-designated or unexpected income to the extent that the approved United Way funding is not needed, the United Way should be informed as soon as possible.

If an agency deletes a United Way funded program, or if the need for a funded program is lessened, that agency must notify the United Way so that appropriate action may be taken.

Agency Fundraising Policy

PHILOSOPHY:

The United Way is interested in working with participating agencies and the community at-large to secure the necessary funds for support of the county's human service programs.

This policy establishes the guidelines for fundraising by agencies that have a partnership status with the United Way.

The purpose of this policy is to permit the greatest amount of flexibility to partner agencies in conducting their own fundraising and, at the same time, insure the best possible results for the United Way's annual campaign.

GUIDELINES

A. Activities not requiring prior United Way notification:

- Agencies are encouraged to use, to the fullest extent, the following funding sources: fees for services; private non-corporate foundations and government grants; investment income; bequest and memorials; unsolicited donations; revenue from program activities and use of facilities; out-of-county contributions and special events.
- Sustaining membership drives are activities for the solicitation of individuals who may wish to identify themselves with a particular agency. Any agency will normally seek to enroll current and former board members, staff, program volunteers, clients and other individuals with whom the agency has a bona fide relationship. It is preferable that this drive be conducted **outside** the United Way time frame.
- Special events offer the donor a return for his/her contribution. These events involve strong volunteer leadership in planning and implementation of the event. These events are not subject to the United Way time frame however at all special events United Way signage and recognition should be provided.

Prohibited Events include: door-to-door or roadside solicitation, paid or commissioned solicitors, mailing unordered tickets or merchandise, telethons, organized solicitation of employees at the workplace and bulk zip code mailings.

Capital Campaigns – Agency fundraising campaigns for capital or purposes other than program expense or annual operating expense require the prior approval of the United Way Board of Directors as to purpose, timing and goal. Information presented for United Way’s review must include projected impact on operating expense.

B. Restricted Times:

- Agency fundraising activities that include direct mail solicitation, workplace campaigns (such as team recruitment for a fundraising event) and corporate solicitation of \$100 or more are discouraged from September 1st through November 30th of each year to avoid conflicting with the United Way campaign.

C. Outside Organizations, individuals and businesses:

- Activities conducted by outside organizations who propose to raise funds in the name of an agency are subject to all of United Way’s guidelines and restrictions and are considered to be fundraising by the agency itself. It is the agencies responsibility to notify anyone planning on doing an event on their behalf of the guidelines, to oversee the fundraising and to also encourage them to support the current United Way annual campaign or wait until the restricted time has passed.

D. Procedure for Reporting Fundraising Activities

- A plan of fundraising activities should be submitted with the agency’s annual funding proposal. Funding of the agency by UWSCI constitutes understanding of the fundraising activities listed therein. In the event of an unplanned fundraiser, a letter outlining the fundraising activity and timetable should be submitted to the Executive Director of United Way forty-five (45) days prior to the scheduled beginning of the activity. United Way will make every effort to help promote such events.
- Activities projected to net less than \$500 are not required to be reported but must comply with all sections of this policy.

E. Failure to Comply

Failure to comply with this policy may result in reduction of the United Way funding by an amount equal to the gross income of any non-complying activity. Continual disregard of this policy, or a pattern of failure to comply with this policy, may be grounds for termination of the Agency agreement.

Campaign Designations Policy

The United Way of South Central Illinois is fully committed to three basic operating principles:

- low cost fundraising through a single campaign
- fiscal and program accountability
- the citizen review process, wherein a representative group of community volunteers plan for services and grant funds through an organized system based on needs assessment, accountability and local determination.

The United Way does not support organized “popularity” efforts promoting designations to any given agency or charity. However, the United Way does respect the right of the donor to exercise his/her free choice in accordance with the terms of this policy.

United Way will honor designations to current partner agencies to the extent of the total of the designation or the approved level of funding, whichever is **greater**.

Designations to other United Ways shall be honored, subject to reciprocal adjustment of the uncollectible factor and administrative charges.

Organized designation campaigns by United Way affiliated agencies will be considered contrary to the basic purpose of the United Way and will be viewed accordingly by the Community Investment Committee.

Appeal Policy

The Community Investment Process and budget review should assure a thorough and careful consideration of annual funding by the Community Investment Committee. Following review by the agencies individual panel, representatives from the week come back together to make a final recommendation for funding that then goes to the United Way Board of Directors. From there the Board of Directors reviews the recommendations and makes a final decision so that every effort has been made to be fair to each organization in light of the needs of all partner agencies and available community resources.

Each agency will recognize that the judgment of its panel and the Community Investment Committee and the United Way Board of Directors will be respected. The funding decisions are not open to debate nor discussion and the United Way staff does not have board approval to discuss them with the agencies and agencies should not contact them with questions or comments. All agencies and their representatives agree to refrain from taking actions or conducting activities likely to damage the reputation of the United Way.

Funding from United Way is a grant and as being such is not tied to historical or continual funding patterns and all funding decisions are final. Please be assured that all applications and supporting documentations are thoroughly reviewed and given a full measure of consideration as a potential¹² funded program.

Audit Policy

The United Way understands the expense that an audit can make on an agency's budget and how that affects many non-profits. As custodians of the donors investment United Way believes it is vital that each agency review themselves financially each year and has a strong system in place for monitoring and overseeing the financial safety and health of the organization but without placing an undo burden on the agency and ultimately using United Way dollars to cover the expense of the audit.

United Way has adopted the following policy for financial review based upon the size of the agencies revenues. All reviews, compilations, or audits must be performed by a independent CPA and formally reviewed and approved by the agency's Board of Directors. Internal reviews will not be accepted.

1. Agencies with budgets under \$50,000 should submit a financial statement (compilation prepared by an independent CPA)
2. Agencies with budgets between \$50,000 and \$150,000 are required to submit a review(prepared by an independent CPA). For agencies applying for first time funding a review or audit must be submitted.
3. Agencies with budgets over \$150,00 must submit an audit every year
4. If an organization has raised contribution in excess of \$25,000 through the services of a professional fund-raiser, an independent audit is required

The above levels are subject to the following:

- If the Agency is required to have an audit by some other oversight group, then the United Way requires a copy of that audit
- Agencies approved for 2-year funding must follow the above guidelines annually and submit the appropriate documents to United Way.
- The United Way reserves the right to require an audit of any agency at any time.

Two-year funding cycle

In an effort to embrace the community impact model and reward agencies working on target areas and demonstrating true measurable outcomes those agencies will be allowed to apply for two-year funding. This is in an effort to allow funded programs more time to demonstrate and achieve measurable outcomes, to assure them of United Way's financial commitment to impacting these target areas, enhance the working partnership between United Way and the agencies and to decrease the annual application burden on those agencies committed to becoming a community impact model agency.

Within the Community Impact Partner Agreement quarterly allocations may be made on a percentage of actual funds received monthly by United Way. The actual annual total amount the agency receives could be less than the amount stated in the agreement if the actual uncollectible exceeds the budgeted uncollectible for the fiscal year. Additionally, the funded agencies/programs should be aware that the goal is to raise what is needed, or more in order to fund at the same level for the second year.

Funded programs can anticipate receiving the same amount for each fiscal year approved providing that the agency has satisfactorily complied with all the fiscal requirements of the first fiscal period and is considered an agency in good standings with the United Way Board of Directors.

The following guidelines must be agreed to before submitting a request for two-year funding.

- Be aware that the funded amount may be lessened, or increased, based on actual campaign dollars raised or collected.
- Subsequent applications will not be abbreviated. At the end of the two-year funded cycle agencies must reapply and proceed with the full allocation process.
- Funded programs must report biannually on program results to the United Way.
- The report should indicate the outputs, program outcomes, number served (number of families/individuals), units of service, and success stories. We will utilize this information to track the progress of the funded programs.

All Agencies requesting two-year funding must undergo professional Outcomes Measurement training and implementation or submit verification of prior training. Agencies will follow the policy as outlined below.

- Training must be completed by the end of the year of funding approval and be completed by the start of the first funding cycle with implementation for outcomes in place.
- Demonstrate through the annual allocation process and the quarterly reporting process, results of current collection and evaluation of measurable outcomes for programs where United Way funding is received.
- Describe pertinent information regarding the collection of data, including the size and type of sample group, method of collection, indicators for the measurements, key results, and how the agency utilizes the information
- Continually evaluate impact on program participants by measuring outcomes.
- Complete a Community Impact Partnership Agreement for the first year of funding and an Extended Partnership Agency Agreement for multi-year funding extension at the end of the first year of funding.

Affiliate Agency



United Way believes that strong partnerships and relationships are essential to a strong community. In an effort to show support of other non-profits in our community United Way is offering an Affiliate status for agencies that may not require fiscal funding but that choose to work cooperatively together and brand together in order to increase the public's awareness and understanding of the human service needs in our communities and to work together to meet these needs.

Agencies wishing to apply for Affiliate status, will enter into an "Affiliate Agreement" based upon the following mutual beliefs that :

- a) Strong, voluntary and vital agencies meeting the human service needs of the people of Marion, Washington, Jefferson and Wayne counties are essential to the health and welfare of those counties
- b) A county-wide campaign is the most efficient and effective way to raise funds for the community's needs.
- c) Human service planning and the granting of funds based upon citizen's review of services is the most effective means of meeting the human service needs of the community.
- d) Affiliates must be in part funded by local contributions and administered by local citizens concerned about improving the quality of life in those counties.
- e) Clear understanding and mutual acceptance of the respective roles of the United Way and the affiliate are essential to their joint effort to meet the human service needs of those communities.

Affiliate will abide by the following procedures and policies;

- Any health and human service, not-for-profit, 501(c)3 that serves Marion, Jefferson, Wayne or Washington county may apply for Affiliate status.
- Complete and sign "Affiliate Agreement" and "Affiliate Application" by due dates
- A committee of volunteers will review all applications.
- The Citizens Review Panel may request additional documents, tours, interviews, etc as they research and deliberate.
- The Citizens Review Panel will compile their recommendations to present to the UWSCI Board of Directors.
- The UWSCI Board of Directors will make final decision and all applicants will be notified by mail.

Affiliate Agency



As a condition of partnership the Affiliate is entitled to:

- Indicate to the community that it has met United Way standards for Affiliate status
- Utilize the United Way logo with Affiliate Agency on print and marketing materials
- Receive 100% of designated dollars from the community campaign
- Be listed in campaign and other literature
- Be listed on the United Way's website
- Be included in mailings issued by United Way
- Be included in Agency tours if conducted
- Submit event information for United Way's newsletter and website
- May apply for listing in the Combined Federal Campaign (CFC) and the State Employee Combined Appeal (SECA)
- Participate in any services or events provided through United Way
- Participate in distribution of materials and information by United Way



An Affiliate Agency



Partner Agency

Procedures

Community Investment Committee (CIC)

Membership

- Each day of the allocations process, individuals will participate on a Citizens Review Panel (CRP) which shall consist of not less than 5 members per day. The Committee members shall be divided into impact areas for the purpose of reviewing human service agencies. No more than three and no less than two participants from each day of the CRP will meet at the end of the process to form the Community Investment Committee (CIC). The CIC will consist of the panel leader (UW Board Member) from each day and at least one additional panel member.
- Every effort shall be made to secure suggestions for CRP members from a wide variety of sources, including contributors to the United Way, representatives of business, government and professional groups and others, so that committee members will represent a broad range of community viewpoints.

Committee Organization

- For the purpose of reviewing the annual funding request of the member agencies and conferring with the agencies regarding these requests, the CRP is divided into three or more panels as necessary.
- A Chairman of the CRP will reside over the Community Investment Process. This Chairman may be a member of the United Way Board of Directors, the United Way Executive Director or other employee or a volunteer who has been extensively trained in the policies and procedures and who has participated in the CRP and/or CIC committee for at least 2 years. The Chairman will reside over all panels and participate in the CIC committee and Steering Committee.
- Each panel will have a leader, who will be a board member appointed by the Chairman of the CRP or the UWSCI Executive Director, and shall consist of sufficient members who will be responsible for the review of the requests.
- Each panel will be assigned approximately 5-8 agencies to review.
- Individual panel members will be provided with a copy of each assigned agency's funding application.
- A Financial Committee will review each Agency's financial stability including the IRS 990, audits and financial statements. Members of the financial committee shall have expertise in interpreting financial documents in order to make a sound decision regarding the agencies overall financial health and funding need.

Terms of Service

- Members of the CRP are appointed by the CIC Chairman or UWSCI Executive Director. The Chairman shall have at least two years of service on the CRP prior to his/her appointment by the Board of Directors.

Procedures

Responsibilities

- The CIC, in part or in whole, shall meet at least once each year and additionally as necessary.
- The Committee will review the agency's proposed operating budget for the next year and discuss programs and services provided by the agency.
- The CIC has the primary responsibility, within the United Way system, to lead in identifying, prioritizing, and working with agencies to implement health and human service programs in the community working within the frame work of the strategic and community impact initiatives set by the United Way Board of Directors.
- CIC provides leadership in bringing together diverse expertise to address human service issues, carrying out United Way's role as a funding organization and a convener.
- The Committee's responsibility shall be to make financial and program recommendations to the United Way Board of Directors.
- The Committee shall operate in accordance with the most recent revision of the United Way's Community Investment Principles, Processes, Policies and Procedures and the Community Impact Partnership Agreement between the United Way and its partner agencies.

Relation to the Board of Directors

- All acts of the CIC are subject to the final approval of the Board of Directors of United Way.
- If the Board fails to approve a recommendation of the CIC, or deems it advisable to further consider matters, the Board shall refer to the Steering Committee such questions for further consideration and recommendation.
- The Community Investment Process should assure a thorough and careful consideration of annual funding. Every effort will be made to be fair to each agency in light of the needs of all United Way agencies and available community resources.

The Steering Committee

The Steering Committee shall consist of the CIC Chairman, Panel Leaders and United Way Executive Committee.

Responsibilities of the Steering Committee include:

- Providing recommendations to the Chairman, at his/her request, names of persons to fill vacancies in the CIC.
- Being available to act on behalf of the CIC in case of an emergency requiring action before a regular meeting can be held.
- Reviewing the recommendations of the Panels and overseeing the preparation of a final report to be submitted to the United Way Board of Directors.
- The United Way Community Investment Committee has the responsibility to evaluate how well the agency is responding to its commitment to the community to deliver a needed service in the most efficient/effective way and at the least cost.

AGENCY EVALUATION AND REVIEW PROCESS

Criteria to be used in Decision Making

Recognizing that the dollars available for United Way grants will not meet the total level of dollars requested by agencies, the Community Investment Committee volunteers are asked to examine programs according to the criteria outlined below. While such criteria provide a framework for decision making, good judgment has been, and should continue to be, the strength of the process.

Our goal is to find a balance that will direct limited resources to the high priority services, but which at the same time, will recognize that other factors such as an agency's management performance and ability to generate other funding resources are also important.

It is further recognized that community needs and government funding patterns change. What United Way supports today may not be where support should be directed tomorrow.

United Way volunteers understand that, through the citizen review process, dollars must be granted to the most pressing community problems and to where volunteer support will have the greatest impact.

United Way Community Investment Panel Members utilize a specific score sheet when making funding determinations. Five areas are assigned point values and weighted by receiving a score of 1 – 5. An average score for the program is determined by multiplying the score for each area by the weighted point value of that area. An agency's program must achieve an average score of 300 points in order to be eligible for funding. The funding application has been re-evaluated to directly correlate with the score sheet and asks questions in the following areas:

Community Need: 20 points - Does the program address a United Way funding priority? (0 points here will disqualify a program for funding.)

Impact & Evaluation: 35 points – Does the application describe all input, outputs, activities, goals both successful and unsuccessful, and tracked data that keep the program running? Outcome Measurement Definitions are as follows:

- **Program Inputs** - What resources are consumed by this program? (*This includes staff,volunteers, facilities, equipment, funding, etc.*)
- **Program Activities** - What methods are used for providing the program? (***Detail specific processes or events undertaken.***)
- **Program Outputs** - Detail the direct product of program activities. (*How many clients served, how often, over what duration?*)
- **Outcome Goals** - Provide a specific statement of desired change in the lives of your clients that this program will accomplish.
- **Outcome Indicators** - Detail the specific data tracked to measure progress in achieving outcomes. (*What methods do you use in your Agency to make sure this program is effectively meeting the goals you set out to achieve?*)

Ability to Deliver: 25 points – Does the application describe the facilitating agency’s ability to deliver the program for which funding is requested? Does it explain why it is appropriate for this agency to be delivering this program? Has it included expertise level of staff and/or volunteers as well as any past experience the agency had in providing this program or service.

Commitment to Community Partnership: 10 points - Does the application describe the agency’s partnerships and collaborations with others in the community, giving examples of the agency’s commitment to pool resources for planning and providing innovative services?

Financial Accountability: 10 Points – Citizen Review Panel Members will be scoring in the area of Financial Accountability from the information obtained through the budgets and financials provided and the Agency Certification Section of the Application as reviewed and scored by the Financial Review Committee. They will be considering whether or not:

- the budget information is well prepared;
- the agency operates by utilizing a board approved annual budget;
- the agency utilizes responsible planning and efficient management of resources, reflected in a comparison between budgeted & actual figures
- The agency has meet all the criteria for Agency Certification
- The Financial Committee has certified agencies overall financial health and funding need.

Impact of United Way Support

1. How important is United Way funding to the program:
 - a) given the importance to the community of the problem that the service addresses?
 - b) given the amount of service already being delivered?
 - c) given alternative sources of funding for that service?
 - d) given the relative importance to all other programs seeking United Way support?
2. Will United Way’s support allow more people to participate in the program?
3. Will United Way’s support serve a segment of the community not presently being served?

Extent of Need for the Program

4. Does the program for which the agency is requesting support, address one or more of United Way’s community impact areas?
5. What is the amount of need in relation to:
 - a) the estimated number of persons affected?
 - b) the estimated number for whom services are not available?
 - c) gaps and duplication in service delivery?
6. Trend of the need:
 - a) is it growing?
 - b) is it relatively stable?
 - c) is it declining?
7. Severity of the need:
 - a) to what degree is personal function impaired by the need?
 - b) will failure to resolve the need produce additional harmful effects for the person?
 - c) will failure to resolve the need lead to additional needs?

Agency Management Performance

8. Are the services provided consistent with the agency's purpose?
9. Is there evidence of good fiscal and program planning?
10. Does the agency demonstrate mechanisms for coordination to ensure inter-agency cooperation?
11. Is the agency in compliance with United Way's policies and reporting requirements (audit, Form 990)

Cost/Benefit Relationships

12. Are item and unit costs as low as possible?
13. Are there an appropriate number of people being served?
14. Are volunteers being utilized effectively?
15. Is there effective utilization of other sources of income such as program fees and third party payments?
16. Does the service provided lend itself to program accounting and budgeting and to service measurement?

Attachments

- Community Impact Partnership Agreement
- Multi-Year Extended Community Impact Partnership Agreement
- Affiliate Application
- Affiliate Agreement
- Partner Agency Application

QUALITY Standards



United Way's Quality Standards:

- Assure United Way donors that their contributions are efficiently utilized to help people in need;
- Assist member agencies (and all non-profits) in structuring themselves in a manner conducive to providing consistent, effective, need, and continuously improving services to the community; and
- Encourage sustainability, growth, and development of non-profit organizations and serve as a catalyst for coordination and cooperation between agencies.

The Quality Standards represent United Way's values and belief system about how non-profits should operate.

As stewards of the community's trust and contributions, United Way volunteers carefully assess each member agency using the Quality Standards and their collective knowledge to determine whether an agency has demonstrated achievement of a standard. With the Quality Standards as the basis for membership and funding decisions, volunteers ensure donors that contributed dollars are well-spent.

The Quality Standards are divided into four performance areas: Program, Governances, Finance, and Administration. United Way believes that a non-profit agency will increase its ability to positively impact the lives of its clients when it is organizationally strong. An organizationally strong agency has a Board of active and diverse leaders who set a strategic direction and provide oversight; has programming that is well designed, well implemented, and includes a quality improvement process; is financially stable, accountable, and maximizes resources; and has sufficient infrastructure and capacity.

PROGRAM

The agency's mission and programs address an important and defined community need

- Statistical data documents the need for the agency and each program
- The target population is defined

Programs are effectively designed

- Programs offered are consistent with the mission
- Programs are consistent with the strategic direction
- Programs have defined goals
- Programs use interventions that are accepted within the field of service as best practices
- Innovation in programming is encouraged
- The agency sets a target for the number of service delivery units prior to the beginning of a year
- The agency sets target for the acquisition of outcome goals prior to the beginning of a year
- Measurement protocols are structured to collect information on clients, services provided, and outcomes
 - Standardized evaluation tools are used to gather and analyze outcomes for clients served whenever feasible.
- Services are accessible to target population:
 - Geographically
 - Physically
 - Financially
- Proactive action is taken to implement improvements identified in analysis of program assessment results or changes in needs of target population

Programs are effectively implemented

- Programs are delivered according to program design
 - The program reaches the target populations
 - The program serves an appropriate number of clients
 - The number of clients served constitutes a critical mass
 - Penetration of the target population is consistent with agency resources
 - Variances between the planned and actual program implementation are analyzed
- Written policies and procedures exist for each program

Programs have positive impact

- Programs are measured/assessed
 - Data is collected on all direct contact clients, including:
 - Demographic data including, at least:
 - Gender
 - Race/ethnic composition
 - Age
 - Annual household income
 - County of residence
 - Activities provided/units of service
 - Outcome results
- Assessment results are aggregated and analyzed to determine overall program effectiveness, including:
 - The extent to which expected outcome results were achieved
 - Compare favorably to similar programs, benchmarks, or accreditation standards
 - The extent to which program modifications should be made in response to analysis

GOVERNANCE

Agency is governed by board of active

Volunteers

- Board has sufficient number of volunteers to fulfill its responsibilities
- Membership is comprised of no fewer than 7 volunteers
- Meetings occur frequently enough to fulfill the Board's responsibilities
 - In a 12 month period a minimum of four meetings, at least one per quarter, are held
- The Board operates in accordance with bylaws
 - Bylaws are periodically reviewed no less than every three years and revised, as necessary, to be consistent with the agency's strategic goals
- The Board has sufficient policies, procedures and rules to guide it in its decision-making processes, including:
 - Meeting minutes reflect actions taken and are recorded, distributed, and retained
 - Members have staggered terms
 - A rotation policy for both officers and members is in effect
 - The Board has established attendance and participating requirements
 - Members serve without compensation, other than for reasonable reimbursement of expenses associated with carrying out Board service
 - Paid staff are not voting members of the Board
- Willingness to support the agency in its fundraising efforts
- Willingness to carry out assignments within some area of special talent, competency, or interest
- Willingness to attend Board and committee meetings
- Written statements identify Board member expectations, responsibilities, guidelines, and goals for members of the Board
- The Board membership is diverse in a myriad of areas, such as
 - Expertise
 - Race/national origin
 - Gender
 - Age
 - Geography
 - Religion
 - Length of service
 - Client/consumer/stakeholder
- The Board implements planned action steps to achieve membership goals
 - The Board periodically reviews the characteristics of its membership
 - Identifies potential new Board members
 - Cultivates and recruits new Board members
- New Board members are oriented to the agency and about their responsibilities, in areas such as:
 - The agency's history
 - The field of service and target population served by the agency
 - Program service delivery models
 - How the agency judges its effectiveness and impact on clients served
 - Highlights of not-for-profit accounting and how to read financial statements
 - The roles and duties of Board members and staff

The Board is comprised of members who will meet the agency's strategic needs

- The Board membership is committed to helping the agency fulfill its strategic goals, as characterized by:
 - Expertise in resource development, program development or evaluation, finance, personnel, public relations, or the field of service
 - Ability to represent the agency, advocate on behalf of the agency's mission, and provide accountability to the community
 - Ability to provide input to the agency on community issues which affect accomplishment of the agency's goals
- Ongoing training and education of its members is conducted
- The Board conducts a periodic evaluation of its individual and collective performance
- Future Board leadership is nurtured and developed to ensure proper experiences and commitment by potential future officers and committee leadership

GOVERNANCE

The Board has a formally organized structure

- Volunteers are assigned, according to their skills and expertise, to provide in-depth oversight and recommend action to the Board, in the following areas:
 - Program structure, effectiveness, and evaluation
 - Financial position and stability, audit, and investments
 - Board development, recruitment
 - Development and fundraising of public support dollars
 - Legal and human resources
- Each committee has a clearly defined role and objectives
- Committees operate in a manner to ensure:
 - Legal and ethical integrity
 - Accountability
 - Effective organizational planning
- The membership of each committee includes at least one Board member
- Committee meeting minutes are maintained and distributed
- Each committee regularly updates the Board on its work and recommends action as needed
- Each committee evaluates its performance periodically
- The Board appoints ad-hoc committees, as needed, to address short-term projects or objectives

The Board sets the agency's strategic direction

- The Board is actively engaged in planning for the agency's future
- The Agency's mission is reviewed and revised, as necessary, considering factors such as:
 - Client/consumer/stakeholder needs
 - Professional standards
 - Governmental regulation
 - Providers of like or similar services
 - Technology
- A specific strategy to achieve the mission is developed
 - The plan integrates the agency's activities with the mission

- The plan includes the following areas:
 - Program structure, effectiveness, and evaluation
 - Financial position, financial stability, the structure and appropriateness of fees for services, and the availability of adequate financial resources
 - Organizational effectiveness and development
 - Other categories, as needed (i.e., facilities, technology)
- The plan contains goals and measurable objectives
- The plan prioritizes the goals and objectives and develops timelines for their accomplishment
- Progress made toward achieving the plan's goals and objectives is regularly evaluated

The Board ensures program effectiveness

- The Board receives program reports that detail units of service and outcomes at least semi-annually
- The Board approves expansion, creation, and closure of programs, as needed

The Board provides financial oversight

- The Board has an effective planning process to ensure the short and long term financial stability of the agency
 - A written budget on the program level is approved prior to the beginning of a fiscal year
 - Financial goals are included in the strategic plan
 - The Board ensures adequate financial resources
- The Board receives and approves financial reports at least quarterly
- The Board takes action to revise the agency's budget, as needed

GOVERNANCE

- The Board approves financial policies
- The Board approves the audited financial statements and reviews a management letter that accompanies the audit
- The Board ensures appropriate internal controls are in place to protect the agency's assets

The Board ensures legal and ethical integrity

- The Board ensures that all legal requirements are met
- The policies are applicable to the organization and are consistent with the agency's strategic goals
- Policies are periodically reviewed and revised, as necessary
- An internal audit is periodically conducted to ensure policies are being followed
- The Board adopts a code of conduct and ethics for itself and the agency's employees and volunteers, including policies on:
 - Acceptance of gifts
 - Conflicts of interest
 - Compliance with laws
 - Whistle blower protection
 - Prohibition of unlawful harassment
 - Prohibition of unlawful discrimination

The Board is accountable to the community

- The agency makes available to the public an annual report of programmatic and financial data
- The agency undergoes an audit of its financial statements by an independent, certified public accountant who is approved by the Board
- An unqualified opinion is issued on the audited financial statements
- Programmatic information submitted to United Way, other funders, and the community is consistent with internal documentation
- Supporting services expenses (management and general and fundraising) are under 25% of total revenue

The Board establishes policies for the effective management of the organization

- The Board hires and retains the Chief Professional Officer (CPO or Executive Director)
 - A written job description and list of position qualifications for the position of CPO exists and is reviewed and updated as needed
 - A careful search process to find the most qualified person for the position is undertaken
 - Professional support is provided to the CPO or Executive Director so that he/she can further the goals of the agency
 - The CPO's or ED's performance is formally evaluated annually
- The Board periodically reviews the appropriateness of the overall compensation structure of the organization
- The Board periodically reviews and updates the agency's personnel policies and procedures.

ADMINISTRATION

The agency complies with laws and regulations

- The agency is incorporated as a nonprofit organization or is a part of a larger agency that is incorporated as a nonprofit organization:
 - The agency possesses a letter of exemption from federal taxes under Section 501(c)3 Internal Revenue Code and maintains its tax exempt status
 - The agency is authorized to do business in the state of Illinois
- The agency is fully licensed by the appropriate federal, state, and local licensing authorities to operate its business at its locations
- The agency complies with applicable federal, state, and local laws, including but not limited to:
 - Non-discrimination in public facilities and services
 - Human resources
 - Non-discrimination in employment
 - Minimum wage and overtime
 - Taxation
 - Financial accountability
 - Fundraising
 - Lobbying and political advocacy

The agency has a structure to facilitate its operations

- An organizational chart identifies clear lines of authority
- The agency employs qualified staff
- The agency has Board-approved written personnel policies and procedures that:
 - Establish clear expectations
 - Address hiring, work responsibilities, training, supervision, and performance evaluation
 - The agency utilizes qualified volunteers
 - The agency implements effective volunteer management practices
- The agency has written volunteer policies and procedures that address recruitment, screening, training, supervision, and recognition
- The agency is certified by United Way's Volunteer Center

The agency acts with legal and ethical integrity

- The agency discloses accurate and timely information to the public
- The agency adheres to written policies and procedures regarding fundraising practices
 - Solicitation and promotional materials are accurate and truthful
- Volunteers and staff act in accordance with written policies addressing:
 - Conflict of interest
 - Non-discrimination
 - Affirmative action
 - Protection for whistle blowers
 - Code of conduct

The agency safeguards its clients, employees and assets

- The agency maintains adequate and appropriate insurance coverage's to protect against liability, loss, and damage
 - An assessment is periodically conducted to assess the adequacy of insurance coverage
- Facilities are safe and well-maintained and facilities and services are physically accessible
- The agency has appropriate safeguards and technology to protect is data and information
- The agency has in place a disaster and evacuation plan
- The agency has in place a safety policy
- The agency is in compliance with OSHA
 - Other safety laws are periodically reviewed
- The agency periodically conducts training for staff on policies and procedures
- The agency has an operations and procedures manual that is periodically reviewed and updated as needed

The agency operates in accordance with professional industry standards

- The agency maintains accreditation, if applicable
 - Child care programs that receive United Way funding are accredited by the National Association of the Education of Young Children or Illinois Accreditation

FINANCE

The agency is financially stable

- The agency has sufficient but not excessive level of reserves to provide for flexibility of operations and to accommodate economic uncertainties
- The agency utilizes a plan for achieving/maintaining operating reserves
 - A Board approved policy defines the targeted level of reserves, if outside United Way recommended level of non-capital unrestricted net assets that are 25-75% of annual expenses
- Cash flow management strategies ensure the timely payment of obligations
 - The agency has available working capital to cover cash shortfalls either in the form of cash reserves or a line of credit
- In two of the last three years, the agency generated an increase in the unrestricted net assets class, unless the Board planned for a deficit in accordance with its strategic goals.
- The agency takes proactive action in the event of a disruption of planned revenue or unusual expenses
- The agency's revenue streams are sufficiently diverse to assure continuance of operations
- The agency has a policy limiting the accrual of compensated absences of all employees

The agency has an effective financial planning process

- The Board approves a written budget at the program level prior to the beginning of a fiscal year
- The budget planning process includes the participation of both management and the Board, and considers factors such as:
 - Assessment of the annual budget in relation to the agency's goals
 - Projected funding
 - Targeted level of operating reserves
 - Cost structure
 - Direct and indirect operating expenses
 - Cost per unite of service
 - Fixed and variable costs
- The strategic plan includes financial goals that seek to maintain and/or improve the agency's financial stability
- During each strategic planning process, the Board

- analyzes each program's revenue and expenses and financial trends to assess the financial impact of the program on the budget
- The Board incorporates an analysis of the financial impact of expanded or new programming into its decision-making process to consider program growth
- The Board analyzes and incorporates into the strategic and program planning processes financial trends that indicate significant increases or decreases in revenue or expenses, so that growth or decline doe not occur at a pace that exceeds the agency's infrastructure capacity or ability to manage its operational and financial impact.

Financial activity is monitored and overseen

- One or more Board members is assigned to provide in-depth oversight and report to the Board in the areas of finance, the audit, and any investments held by the agency
- In the area of financial position and activity, one or more Board member(s):
 - Reviews and approves financial statements that track budget to actual financial activity on at least a quarterly basis
 - Reviews significant variances between the budget and actual financial activity
 - Monitors financial trends, revenues and expenses
 - Recommends revision of the budget to the board, when applicable
 - Ensures that the Board receives financial reports at least quarterly
- In the area of the audit, one or more Board member(s)
 - Interviews and recommends to the Board an auditing firm
 - Meets with the auditor following completion of the audit

FINANCE

- Reviews the draft of the audited financial statements and management letter
- Ensures that the audited financial statements are completed for final presentation within six months of the end of the fiscal year
- Recommends the Board approval of the audited financial statements
- Ensures that management acts on the recommendations, if any, contained within a management letter
- Presents the management letter to the Board
- If the agency has investments, one or more Board member(s) reviews investment results at least quarterly
- Management monitors the agency's financial activity and position:
 - Financial reports that compare budget to actual are prepared and analyzed on a monthly basis
 - Variances between the budget and actual financial results are analyzed on a timely basis
 - Action to respond to significant variances between the budget and actual financial results is proposed to the committee charged with overseeing the agency's financial position and activity
 - Cash flow is monitored on an ongoing basis
 - Revenue streams are monitored to assess their stability
 - Receivables are monitored on a monthly basis
 - Payables are monitored on a monthly basis
- The agency utilizes the accrual method of accounting for internal reporting
- The agency utilizes standardized accounting policies, procedures and internal controls
 - The agency has a written accounting procedures manual
 - The internal financial controls system addresses:
 - Prevention and detection of error, mismanagement or fraud
 - Segregation of duties (i.e., bank statements and supporting documentation sent to someone other than the preparer of the bank reconciliation; the duties of receiving payments should be segregated from the employee who posts payments to the accounts receivable) whenever possible.
 - Safeguarding and verifying of assets
 - Disbursement and receipt of monies
 - Monthly review of the bank reconciliation by someone other than the preparer
 - Threshold for multiple signatories on checks
 - Approval of the CEO's expense reports by a member of the Board
 - Competitive bidding process for significant expenditures
 - Bonding or insurance of all employees with access to liquid assets
 - A process to approve journal entries
 - A vacation policy stipulating that financial employees take a minimum of five consecutive days annually

The agency has practices in place to safeguard assets and efficiently manage resources

- Reports are prepared in accordance with Generally Accepted Accounting Principles (GAAP), unless a different accounting method is required by a governmental authority

FINANCE

- Accounting records are kept up-to-date and balanced, as demonstrated by:
 - Monthly reconciliation of the bank statements to the general ledger
 - Periodic reconciliation and adjustments of subsidiary records to the general ledger
 - Up-to-date posting of cash receipts and disbursements
 - Monthly updating of the general ledger

The agency fulfills obligations and is in compliance with regulations of taxing authorities and other regulatory entities

- As required by law, the agency submits timely reporting and payment to taxing authorities, including:
 - Internal Revenue Service
 - Federal, state and local employment tax entities
- The agency is up-to-date in reporting and payment of employee benefits obligations
- The agency's state registration is up-to-date

