

Baltimore City Foundation, Inc.

Policies and Procedures Governing Solicitation, Receipt, and Use of Funds by Baltimore City Government

April, 2011

Mission

The Baltimore City Foundation, Inc., a 501 (c) (3) nonprofit organization, is committed to enhancing the quality of life for the citizens of Baltimore City. The Foundation enables the Baltimore City government to raise philanthropic resources that promote many of its health and human services priorities. Additionally, the Foundation provides grants to nonprofit organizations that support youth and underprivileged Baltimore City residents. In conducting activities for the support or benefit of the City, and in receiving charitable contributions from private sources, the Foundation also promotes public/private collaboration for the benefit of the City and its residents.

Partnership with the City of Baltimore

The Baltimore City Foundation aims to facilitate the solicitation, receipt and disbursement of charitable resources to support approved activities of the City government. The Foundation is governed by a volunteer board of directors, appointed or elected to the board in accordance with the Foundation's bylaws. The President of the Foundation manages the day-to-day operations of the Foundation. It is the intent of the Foundation to work in partnership with City agencies to leverage philanthropic resources that benefit the City of Baltimore.

Procedure for Establishing and Updating an Account

When establishing new programs within the Foundation it is important that the program's objectives are effectively reviewed and that these objectives comply with the Foundation's mission and fall within the guidelines of section 501(c)(3) of the Internal Revenue Code. To ensure consistent application of these guidelines all requests for new accounts or the use of existing accounts for new program initiatives must be forwarded in writing to the President of the Foundation. Requests can also be sent to the Bureau of Accounting and Payroll Services to the attention of the Baltimore City Foundation Administrator, who will in turn, forward the request to the President.

Agencies wishing to open an account with the Foundation, make changes to an existing account, or fund a new program from an existing account must provide a written plan containing the following information to the Foundation:

1. Purpose/goals of the program funded from the account and description of program activities, consistent with the Foundation's mission.
2. Sources of funds for the program and method of raising funds (grant application; letters to potential donors, special event, etc.).
3. Estimate of the revenue you aim to raise and the planned expenditures.
4. Types of expenditures expected to be made using program funds.
5. Designated approvers for transactions using these funds.

6. Contact phone numbers and email addresses for those individuals administering the programs.

Once the President receives all appropriate documentation supporting the program he will discuss it with the Executive Committee and/or submit the request to the full Board for approval. Upon approval, the Board approved request will be forwarded to the Bureau of Accounting and Payroll Services to the attention of the Foundation administrator who will establish the account in QuickBooks and will inform the responsible agency when this process is completed.

Agencies shall update their respective account plans annually as provided below.

Annual Report

All agencies with an account with the Foundation must submit a brief (1-2 pages) annual report to the Foundation that includes:

1. Financial report indicating the funds budgeted vs. actual funds raised/expended.
2. Accomplishments of the program.
3. Any testimonials, stories or photos that may be used in the Foundation's annual report or website (optional).

The annual report is due on January 31, beginning in January, 2012.

Requirements for Gift, Grant, and Contribution Solicitations

Individuals who solicit on behalf of the Baltimore City Foundation are required to conduct themselves in a manner consistent with good practices and standards for charitable organizations and the Baltimore City ethical policies. At a minimum, the following requirements apply:

1. Contributions may only be solicited or spent for purposes that are consistent with the mission of the Foundation.
2. Solicitations must comply with the Baltimore City Ethics Board "Government Charitable Solicitations – Application for Approval" policy (see <http://www.baltimorecity.gov/Government/BoardsandCommissions/EthicsBoard/Downloads.aspx>). Any application or reports to the Baltimore City Ethics Board related to soliciting a "controlled donor"¹ on behalf of the Foundation must be sent to the President of the Foundation before or at the same time as it is submitted to the Ethics Board.

¹ As outlined by Baltimore City Ethics Board Solicitation Regulations and Reports, a "Controlled donor" means any person that:

(1) does or seeks to do business of any kind, regardless of amount: (i) with an agency; or (ii) with another person in connection with or in furtherance of that other person's contract with an agency; (2) engages in an activity that is regulated or controlled by an agency; (3) is a lobbyist with respect to matters within the jurisdiction of an agency; (4) has a financial interest that might be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or nonperformance of the official duties of an agency; or (5) is an owner, partner, officer, director, trustee, employee, or agent of any person described in items (1) through (4).

3. All solicitations of gifts, grants, or contributions by or on behalf of the Foundation are subject to the Maryland Solicitations Act (MSA). All written solicitations for grants or contributions must include the following disclosure:

The Baltimore City Foundation, Inc. is a 501(c)(3) nonprofit organization -- donations to which are tax deductible to the fullest extent allowed by law. A copy of our current financial statement is available upon written request to Baltimore City Foundation, Inc., 10 North Calvert Street, Suite 915, Baltimore, MD 21202. Documents submitted to the State of Maryland under the Maryland Charitable Solicitations Act are available from the Office of the Secretary of State for the cost of copying and postage.

Disclosure requirements are available from Maryland Association of Nonprofit Organizations, "Disclose It!" at www.marylandnonprofits.org. The MSA is available in its entirety by download at the following location: www.sos.state.md.us/charity/MarylandSolicitationAct.pdf. It is incumbent on those who solicit gifts to familiarize themselves with the relevant requirements.

4. An individual may not misrepresent the purpose for which funds are solicited. Full, honest, and fair disclosure is required.
5. Anyone soliciting on behalf of the Foundation may not lead the public to believe that the Foundation's charitable registration with the Maryland Secretary of State is an endorsement or approval by the State.
6. Anyone soliciting on behalf of the Foundation may not be a direct beneficiary of any resulting contribution, unless it is clearly incidental, for example, to support one or more authorized positions within the Baltimore City government for the purpose of providing programming that benefits the public. There is an express prohibition on compensation related to fund raising efforts and activities.
7. Anyone soliciting on behalf of the Foundation may not use false or materially misleading statements or materials in connection with a charitable solicitation. This extends to
 - a. The unauthorized use of names of individuals or organizations, symbols, emblems, devices, or service marks
 - b. Deceptive and misleading acts, including acts of purposeful omission, where it is reasonably clear that the withholding of information might affect the donor's decision in response to a request for funds. This is consistent with the full, honest, and fair disclosure requirement.
 - c. Any other behavior that might confuse or mislead the public or a potential donor.
8. Anyone soliciting on behalf of the Foundation may not represent that another person or organization sponsors, endorses, or approves of a charitable solicitation or charitable purpose without the consent of that other person or organization.
9. If an unsolicited donation is received, the City Agency and the Foundation shall contact the donor and document the donor's intent for the donation to the extent possible. The Foundation shall endeavor to honor the donor's intent. In cases where the donor's intent or the donor's requirements are not able to be honored due to the Foundation's purposes, mission, policies,

guidelines or due to Baltimore City's policies and guidelines, the donation may be returned to the donor by resolution of the Foundation board of directors or executive committee.

Acknowledgement of Gifts

Agencies must provide an acknowledgement and receipt for donations from individuals. The acknowledgement must include the following:

- Amount of donation
- One of the following:
 - a) No goods or services were provided in return for the donation.
 - b) Or, if goods and services were provided, include the fair market value of the goods/services, and any remaining amount of the gift that is tax deductible.
- Disclosure statement: The Baltimore City Foundation, Inc. is a 501(c)(3) nonprofit organization - donations to which are tax deductible to the fullest extent allowed by law. A copy of our current financial statement is available upon written request to Baltimore City Foundation, Inc., 10 North Calvert Street, Suite 915, Baltimore, MD 21202. Documents submitted to the State of Maryland under the Maryland Charitable Solicitations Act are available from the Office of the Secretary of State for the cost of copying and postage.

If your agency is holding a special event that will involve ticket sales, the receipt must include the MSA disclosures and must indicate the fair market value of any goods and services received by the individual (See "Disclose It" at www.marylandnonprofits.org for details.) Agencies must submit a sample of the receipt to the Foundation for approval prior to issuing receipts for special events to ensure the legal requirements are met.

Coordination of Efforts

With numerous individuals authorized to request gifts, grants, and contributions that are intended to flow into the Foundation, it is appropriate to keep the Foundation board of directors informed. Any formal proposals for funding or letters to potential donors that are created by or within the Baltimore City Government on behalf of the Foundation or a program will be submitted to the Foundation preferably in advance but in any event simultaneously with the solicitation. The Foundation may decline to act as grantee with respect to any solicitation in the event that its Board reasonably determines that such solicitation (i) is contrary to the Foundation's mission or mandate, (ii) is against applicable laws, or (iii) threatens the Foundation's tax-exempt status. In such event, the Foundation shall immediately notify the Mayor's Chief of Staff and the agency from which the solicitation came.

Authorized Solicitors

No one may solicit a gift, grant, or contribution for the Foundation, or the City through the Foundation, unless they are expressly authorized to do so by the Foundation. Notwithstanding the foregoing, absent legal restrictions to the contrary (e.g., IRC rules and regulations), in view of the Foundation's mission of supporting Baltimore City Government incumbents who hold the following positions are deemed to be authorized:

- The Mayor of Baltimore City;
- Any Deputy Mayor of Baltimore City or the Mayor's Chief of Staff;

- Individuals appointed by the Mayor as a head or director of any department, agency, or bureau of Baltimore City government or employed in the Mayor’s Office and designated in writing by the Mayor as a person authorized to solicit gifts;
- Deputy directors, program directors, and incumbents in similar positions may be authorized by the head or director of the department, agency, or bureau where they are employed;
- Any other person authorized directly by the Foundation board of directors, provided that such person received advance approval from the department, agency, or bureau head or director.

At least annually by January 31, the Baltimore City government will provide the Foundation with an updated list of positions that constitute those authorized to solicit gifts, grants, and contributions on behalf of the Foundation. The Foundation reserves the right to strike any designated positions or individuals so as to exclude them from the authorized list.

The MSA contains provisions concerning paid fund raisers who may be known as an “Associate Solicitor”, “Fund Raising Counsel”, or “Professional Solicitor”. Authorized individuals from Baltimore City Government who engage in solicitation on behalf of the Foundation will be deemed to be volunteers. As such it is imperative that such individuals familiarize themselves with the MSA and conduct themselves in a manner such that they will not be construed as “Associate Solicitor”, “Fund Raising Counsel”, “Professional Solicitor” or similar paid fund raiser, recognizing that paid fund raisers are subject to registration requirements and other regulatory controls.

Prohibition against Funding Political Activity

The IRS broadly prohibits 501 c3 organizations from participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office, including endorsing any candidates, making donations to their campaigns, engaging in fund raising, distributing statements, or becoming involved in any other activities that may be beneficial or detrimental to any particular candidate. The Baltimore City Foundation thus prohibits support for, or involvement in, any such political activity by individuals working with or on behalf of the Foundation, including directors and officers, staff, volunteers, agents of the Foundation, and personnel from City agencies when they utilize the Foundation to establish, raise funds for or make expenditures from an account with the Foundation.

Bureau of Accounting and Payroll Services

Daily accounting and control activities are the responsibility of the Bureau of Accounting and Payroll Services (BAPS) in the Baltimore City Department of Finance. The Board of Directors of the Foundation relies upon this group to assist with transaction processing activities on behalf of the Foundation to include:

1. Establish accounts for programs approved by the Executive Committee and/or Board of Directors (consistent with the provisions above)
2. Receive donations from responsible agencies.
3. Send a receipt to the donor in compliance with the MSA.
4. Ensuring that cash receipts are properly deposited into the Foundation’s bank account.
5. Ensuring that receipts are properly recorded into the designated general ledger accounts.
6. Reconciling bank accounts including a monthly reconciliation of the bank account to the general ledger.
7. Establish accounts for approved programs.

8. Approve all expenditures made by administering programs on behalf of the Foundation. This approval includes a review of funds availability and propriety of accounts being used.
9. Provide monitoring functions for the Foundation accounts, including account reconciliation, analytical reviews and correction activities.
10. Provide administrative support for the Foundation.
11. Handle investment activities on behalf of the Foundation.

Since February 2007 the Foundation's formal accounting records are maintained in QuickBooks, which facilitates record keeping that is separate from and not a part of the Baltimore City Government.

Receiving Funds on Behalf of the Foundation

All checks for the Foundation programs must be made payable to the Baltimore City Foundation, Inc. and the program noted on the memo line of the check. All deposits are made by the accounting administrator and must be forwarded to this individual in a timely manner. In addition to the physical check, a list of checks to be deposited, with payee, their address, and amount noted must be included with all deposit requests sent to the accounting administrator along with a copy of each check.

Cash deposits must be hand-delivered to the accounting administrator currently located on the 8th floor of the MECU Building, 401 E. Fayette Street by noon in order to have the deposit made on the day received. The accounting administrator will prepare an appropriate receipt after verifying amount of cash which must be signed and dated by the accounting administrator and the person transporting the funds.

All bank deposits will be made by the accounting administrator for the Foundation.

Disbursing Funds on Behalf of the Foundation Programs

1. Agencies may utilize funds in their accounts for the purposes stated in their annual plan.
2. If Board of Estimates approval is required for expenditure of the Foundation funds, the draft request to the Board of Estimates must be submitted to the Foundation board of directors prior to submission to the Board of Estimates.
3. Agencies must use a check request form to initiate a disbursement. No disbursement is made until a properly approved check request form is presented to the accounting administrator for the Foundation. Original receipts must accompany all requests for the Foundation funds.
4. All program managers and administrators must ensure that the proper account numbers are used on all check requests.
5. Once the check request form is received by the Foundation's accounting administrator, the supporting documentation is reviewed for compliance with the goals of the designated program, accounts are verified, and funds are checked in QuickBooks to ensure sufficient funding exists for the request. If all is in order, the check is prepared using QuickBooks and the check and all supporting documentation is submitted to the Foundation President and Treasurer for final review, approval and check signature.

6. The agency program administrator should also maintain a copy of all receipts and disbursement requests in the event questions arise in the future.

Funds on Deposit

Funds on deposit with the Foundation are the property of the Foundation. Funds may only be utilized for the purposes that were intended by the donor, consistent with the mission of the Foundation. The Baltimore City Foundation, Inc. empowers Baltimore City agencies to control the funds they have raised to the extent outlined in the Agreement between the Foundation and the Mayor and City Council of Baltimore and these guidelines. Interest earned on the deposited funds is retained by the Foundation to cover administrative costs of the Foundation and to provide grants to nonprofit agencies consistent herewith.

Closing Accounts for Programs

Accounts must be closed by the responsible agency for all programs where there is no activity for a period of one year, or if at any point it is determined that a program is no longer active or, when an account carries a zero balance for six months. In the event that the agency does not close inactive accounts after one year, the accounting administrator for the Foundation will request approval from the Foundation's Executive Committee and/or Board of Directors to transfer unrestricted funds to the Foundation's Administration account which is used to support ongoing requests for donations to qualified programs normally supporting the children of Baltimore City.

Guidelines for Foundation's Grant-making to Nonprofit Organizations

The Foundation makes periodic grants to nonprofit organizations in the City of Baltimore whose services serve and benefit the City's youth and underprivileged Baltimore City residents. It shall use the following general guidelines in making such grants:

1. Organizations may only submit one grant proposal per calendar year.
2. Grants will range from \$1,000 to \$20,000 per organization per year.
3. Grant applicants must submit a letter to Baltimore City Foundation, Inc., and must provide information about how the grant funds will be used to advance their mission.
4. The Foundation shall require preliminary narratives and financial reports from the applicants, which will be included in or attached to the Grant Application Form.
5. Grants will only be made to 501 (c)(3) organizations in good standing with the State of Maryland.
6. Grants will only be made to recipient organizations whose activities are conducted in Baltimore City or activities that benefit City residents.
7. The Foundation will pursue the goal of using funds for the greatest possible impact, and ensures that all proposals are given careful consideration.
8. Grant applications will be initially reviewed by the President of The Foundation to confirm compliance with grant application requirements, and then submitted to the Executive Committee for review and discussion. The Executive Committee will recommend approval or denial of grant proposals to the entire Board of Directors, who shall make the ultimate decisions on grant applications.
9. The Foundation may require a report from grant recipients after grant funds are used, including an accounting of how the funds were used, and what outcomes were accomplished.

10. The Foundation will award grants throughout the year on a rolling basis, and applications for grants may be submitted at anytime.
11. As a general rule, grant funds will not be awarded to purchase tickets, tables, or ads of sponsorship for special events or fundraising events.
12. Grants will not be made to political organizations, individuals, or for-profit entities.