

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Board of Directors Policies for Oversight of Funding for Outside Entities

Updated August 2017

The Norton Sound Economic Development Corporation (NSEDC) Board of Directors supports regional programs, projects and activities benefiting member communities and has annually set aside money to contribute to these regional efforts. The following policies, approved by the NSEDC Board, will assist grant recipients in the application process and NSEDC staff as they evaluate and administer grant applications and awards.

Component 1—Allocation of Funds

The Outside Entity Funding (OEF) program allocation of funds is structured such that 90% of the funds allocated annually to the program will be divided equally among each NSEDC member community for projects conducted within or for the benefit of that community. A volunteer community based review committee, consisting of the community's NSEDC Director and at least two local community members selected by that Director, will recommend to the NSEDC Board which projects to fund. The committee has the option of recommending to the NSEDC Board not to fund any of the completed applications submitted, but to carry forward or "bank" the community's Outside Entity funds for the next year. The balance of the funds carried forward, if any, will be added to the next year's allocated amount for the community. The Board has final approval and the authority to veto any of the recommended applications submitted by the committee. Upon the closing of approved grants, any portion of designated grant funds that were not utilized by the approved project will be added to their respective community's total funds available. The amount will be added as a rollover and will be reflected in the next year's total funds available.

The remaining 10 percent of the total funds allocated to the OEF Program are designated for regional non-profit entity awards. This will continue to be a competitive process reviewed annually by the NSEDC Board of Directors.

Applications for fisheries related projects will be reviewed during NSEDC's annual budgeting process. Staff will assign applications to the appropriate NSEDC department or program for administration and oversight. Projects awarded will be funded in accordance with NSEDC priorities, goals and funding availability.

Component 2—Eligibility

To be eligible for NSEDC grant funding, an entity must be a municipal government, federally recognized tribal government, local or regional non-profit organization, or a local, state or federal agency located in an NSEDC member community. Any entity that has a delinquent balance through NSEDC's Consolidated Bulk Fuel Program is not eligible to apply. Individuals and private businesses will not be considered for funding. An applicant requesting \$100,000 or more must include with the grant application a financial audit of the applying organization, conducted by a qualified, independent accountant within the past three years that resulted in a clean audit.

Component 3—Administrative Funds Policy

Grants for Outside Entity projects, including Large Infrastructure, OEF program and the Community Energy Fund may only be used for actual, direct project costs, adequately documented as provided under *Component 6*, and shall not include:

- Administrative overhead costs (i.e. indirect rates, flow through costs, etc.) or infrastructure requests such as general-duty buildings and vehicles.
- Any item(s) or service(s) purchased for, or used by, an entity or employee of the entity for any purpose other than, or in addition to, the project for which the funding is intended.

NSEDC staff shall determine, at its discretion, if budget items are administrative in nature and shall attempt to eliminate such items from the funding request before the budget is finalized.

Component 4—Matching/In-Kind Funds

If matching funds are a component of the application, the source and use of the matching funds must be included in the project budget to receive consideration approval. NSEDC will only match funds that are budgeted for direct and actual project costs. The budget may be subject to final amendments by NSEDC staff. Documentation evidencing the expenditure of the matching funds for permissible project costs must be provided to NSEDC during the grant year in a form satisfactory to NSEDC. The policies governing the demonstration of these costs can be found in *Component 5—Grant Budget Compliance*.

The following definitions and restrictions apply to matching funds:

- Matching funds must be project specific.
- Funding for administrative costs will not be considered for matching funds.
- In-kind matches are subject to valuation limits on salary compensation, including imputed compensation for volunteer labor and on equipment depreciation (with consumables factored in), which shall be set or approved by NSEDC, prior to being incurred by the Outside Entity.
- “Double-dipping” of matching funds is not permitted; that is, project costs that have been paid for, or for which funding has been or will be sought, from a grantor of matching funds shall not be reimbursable out of the NSEDC grant funds.
- For instances not covered in this policy, NSEDC staff will use their best judgment in determining if the proposed match is valid.

Component 5—Grant Budget Compliance

The Board has given staff discretion to amend project budgets after the Board meeting at which the project is approved. The grant recipient must adhere to the final form of the budget. Grant funds may only be used for direct and actual costs associated with the project, and specifically identified in the approved budget.

For grants under \$10,000, after receipt of the signed NSEDC Outside Entity Funding Recipient Agreement, NSEDC will disburse the grant award to the recipient in a lump sum at the commencement of the project, on the condition that the grant recipient will submit to NSEDC, upon or prior to completion of the project, documentation demonstrating the use of the funds for permissible project costs, as further described below.

For grants greater than \$10,000, NSEDC will disburse 25% of the approved amount to the grant recipient at the commencement of the project and after receipt of the signed NSEDC Outside Entity Funding Recipient Agreement. The remaining balance of the approved funding will be disbursed to the grant

recipient on a monthly or quarterly reimbursable basis, upon NSEDC’s review and acceptance of the submitted itemization of project expenses with appropriate supporting documentation, as further described below. The first reimbursement request should include documentation evidencing the expenses paid out of the initial 25% remitted. NSEDC, at its discretion, reserves the right to request additional supporting documentation to demonstrate the proper use of grant funds for project expenses. NSEDC shall not be obligated to disburse any portion of the grant amount for which NSEDC has not received, within the grant timeline, appropriate and acceptable itemizations and documentation of expenses as required in *Component 5*.

A completed Financial Statement Report (FSR) must accompany each reimbursement request. Additionally, all grantees must submit quarterly FSRs, on the schedule set out below, and a final FSR within 90 days after completion of the project. The due dates are as follows:

| Quarter | Report Due |
|--------------------------------------------|--------------------------------------|
| 1 st – January 1 to March 30 | No later than April 30 |
| 2 nd – April 1 to June 30 | No later than July 30 |
| 3 rd – July 1 to September 30 | No later than October 30 |
| 4 th – October 1 to December 31 | No later than January 30 |
| Final Report | 90 days following project completion |

The back-up documentation for each reimbursement request must be for direct and actual project costs and consist of original receipts and invoices for budget items procured with NSEDC funding. When NSEDC’s funds have been awarded as a match, documentation of the expenses paid by the in-kind funds should also be provided. Acceptable documentation of direct and actual project costs must include:

- Original receipts and invoices for travel expenses, equipment purchases, contractual services and miscellaneous budget expenses along with copies of checks that paid for those expenses.
- Copies of paychecks and paystubs for salaries, wages and benefits and employee timesheets signed by the employee that correspond to those paychecks and paystubs. Timesheets must reflect the date of such work, the number of hours, the nature of the work performed and, unless clear from the nature of the work, the purpose of the work as related to the project. All wages paid for the project must be reasonable.
- Copies of FORM 941: EMPLOYER’S QUARTERLY FEDERAL TAX RETURN, submitted quarterly to the IRS, which correspond to the payment of salaries, wages and fringe benefits for the project funded by NSEDC, must be submitted to NSEDC quarterly.
- Any volunteer or in-kind labor proposed as a match must be documented by timesheets reflecting the date of such work, the number of hours, the hourly rate proposed to attribute to the labor, the nature of the work performed and, unless clear from the nature of the work, the purpose of the work as related to this project. The timesheet must be signed by the volunteer or employee.

All back-up documentation submitted to NSEDC for projects funded by NSEDC will be considered the property of NSEDC and may be disclosed by NSEDC at its discretion.

Budget amendments may be requested by the grant recipient and approved by NSEDC with the following stipulations:

1. One budget amendment may be granted but it must be requested prior to completion of the project.
2. The budget amendment request must be submitted to NSEDC in writing and specify the reason for the budget amendment. A new budget showing the variance between the original budget and the newly revised budget request must also be submitted.
3. A 15% variance per line item for budget amendments will be used. An amendment cannot change the original intent of the project or the total amount of the awarded grant.
4. Amendments are granted at the discretion of NSEDC staff.

Component 6—Duration of Funding

Unless specified, an NSEDC grant to an Outside Entity must begin and end within one year of the Board's approval of the project unless:

- The proposal defines the project as, and the Board specifically approves, a multi-year project.
- The grantee provides a written extension request and NSEDC staff approves a one-year extension for the project funding. Any further extensions must be approved by the Board. All extension requests must be submitted by November 1st of the calendar year, and it must clearly outline the reason for the extension and detailed timeline for both project completion and anticipated expensing of funds. For extensions beyond two years, the project must have at least 50% of the budget expended by the time of the request or a clear explanation as to why the proposed project is not progressing.

Component 7—Compliance

- A final FSR must be submitted to NSEDC not more than 90 days after the project is completed. The grantee shall diligently pursue the progress of the project to ensure it is completed within the grant year.
- Failure to meet the timeline of the project, submit the required FSRs, or respond promptly to requests or inquiries from NSEDC staff, shall be grounds for termination or suspension of the award. Noncompliance with grant policies, and any misleading or deceitful conduct shall be cause for immediate withdrawal of funding for the current project and indefinite disqualification for future funding from NSEDC for both the entity and any authorized representative whose conduct was the basis for the disqualification, or who authorized or approved such conduct.