STRENGTHENING NONPROFITS:
A Capacity Builder's Resource Library

Designing and Managing a Subaward Program

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INTRODUCTION

The Compassion Capital Fund (CCF), administered by the U.S. Department of Health and Human Services, provided capacity building grants to expand and strengthen the role of nonprofit organizations in their ability to provide social services to low-income individuals. Between 2002 and 2009, CCF awarded 1,277 grants, and the CCF National Resource Center provided training and technical assistance to all CCF grantees. *Strengthening Nonprofits: A Capacity Builder's Resource Library* is born out of the expansive set of resources created by the National Resource Center during that time period, to be shared and to continue the legacy of CCF's capacity building work.

Strengthening Nonprofits: A Capacity Builder's Resource Library contains guidebooks and e-learnings on the following topics:

1. Conducting a Community Assessment
2. Delivering Training and Technical Assistance
3. Designing and Managing a Subaward Program
4. Going Virtual
5. Identifying and Promoting Effective Practices
6. Leading a Nonprofit Organization: Tips and Tools for Executive Directors and Team Leaders
7. Managing Crisis: Risk Management and Crisis Response Planning
8. Managing Public Grants
9. Measuring Outcomes
10. Partnerships: Frameworks for Working Together
11. Sustainability
12. Working with Consultants

Who is the audience for *Strengthening Nonprofits: A Capacity Builder's Resource Library*?

Anyone who is interested in expanding the capacity of nonprofit services in their community – from front–line service providers to executives in large intermediary organizations – will benefit from the information contained in this resource library. The National Resource Center originally developed many of these resources for intermediary organizations, organizations that were granted funds by CCF to build the capacity of the faith-based and community-based organizations (FBCOs) they served. As such, the majority of the resources in *Strengthening Nonprofits: A Capacity Builder's Resource Library* support intermediary organizations in their capacity building efforts. However, funders of capacity building programs (Federal program offices and foundations) and the nonprofit community (including FBCOs) at large will also find these resources helpful. In addition, individuals working to build capacity within a program or an organization will be able to use these resources to support their efforts to implement change and make improvements.

The ***Designing and Managing a Subaward Program*** guidebook will be helpful to any intermediary organization that has funds to provide subaward grants. Many references within the guidebook are specific to an intermediary that is leading a federally funded subaward program, but most of the content applies to any type of subaward program, publicly funded or not.

Who developed the ***Designing and Managing a Subaward Program*** guidebook?

The guidebook was originally developed by the National Resource Center with assistance from Lisa Lampman. It was updated in 2010 for the Department of Health and Human Services by the National Resource Center.

OVERVIEW

The Purpose of This Guide

Congratulations! If you are reading this you have probably been chosen to be an *intermediary organization*—an organization that has been given a large sum of money in order to make grants to other groups. This guide was designed primarily for intermediary organizations that have received Federal funds. However, anyone responsible for developing a grant-making program, including those representing foundations, will find useful information in this guide.

The guide takes you through the steps for creating a subaward plan, which is a written document describing the steps you will take to implement your program. A written plan may or may not be required by your program office before you begin implementing your program. However, by following the steps required to write a subaward plan, you will design an effective and thoughtful subaward program that is likely to reach its stated goals.

Definitions

Let's begin with some key definitions:

Intermediary Organization: An intermediary organization is responsible for distributing a sum of money, or an award, to other organizations in the form of grants, or subawards. An intermediary is usually larger and more experienced than the organizations receiving the subawards.

Subaward: The U.S. Department of Health and Human Services Code of Federal Regulations (45 CFR Part 74) defines a subaward as "an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient [or intermediary organization] to an eligible sub-recipient."

Sub-Recipient or **Subawardee**: The same section of the Code of Federal Regulations defines a sub-recipient as "the legal entity to which a subaward is made and which is accountable to the recipient [or intermediary organization] for the use of the funds provided." In this guide, we will use the term "subawardee" to refer to the organizations that have received subawards.

Program Officer: A program officer is the representative of a funding source responsible for monitoring the compliance and success of a set of grants. Federal programs might use the titles "Federal Project Officer," "Federal Program Officer," or "Federal Program Specialist" to refer to this person. In this guide we often use the term "program officer" to refer to the representative of ***your*** funding source—whether it is a Federal, state, or local government, or a private entity.

Program: We use this term to refer to ***your*** subaward program.

Project: This term refers to the set of activities that your subawardees will carry out using their subaward.

CREATING A SUBAWARD PLAN

Why Create a Subaward Plan?

Because a Federal subaward program involves the granting of Federal funds from a Federal grantee to sub-recipients, most if not all Federal grant programs involving subawards require grantees to develop and submit subaward plans for approval to the program's Federal program officer. The announcement for the grant program usually contains the information and elements required for the subaward plan. Additional information may be supplied by the Federal program officer to help intermediaries develop plans that meet Federal guidelines and requirements, as well as particular grant program purposes.

The Department of Health and Human Services (HHS) and other Federal agencies offer grant programs for intermediary organizations that include subaward plans as a part of the application and program implementation requirements. These Federal grant programs usually require the intermediary organizations to sub-grant significant portions of the award to eligible local faith-based and community organizations, and to outline their plans to provide subawards in their grant applications. In other words, these Federal programs require a subaward plan.

However, a subaward plan is useful beyond being a requirement for your Federal program. It provides structure for your program. Developing one requires you to think deeply about your purpose and the activities likely to help you reach your goals. It forces you to design ways to ensure accountability and ways to measure results. You will find it is a document you will frequently consult as you implement your subaward program.

Check Your Rules and Regulations

In developing a subaward plan for a Federal funding program, it is essential to know the governing rules and regulations concerning Federal grants and sub-grants. General rules and regulations regarding Federal grants and sub-grants from HHS can be found in 45 CFR Part 74. Other Federal agencies have similar governing legislation listed in various titles of the Code of Federal Regulations. Every intermediary organization that has received or desires to receive grants from a Federal agency should become familiar with the Code of Federal Regulations for that particular agency, not only for information regarding subawards but for guidance on Federal grant management.[1] Below is a table outlining various Federal agencies and the corresponding titles of the Code of Federal Regulations applicable to each.

FEDERAL AGENCIES	CODE OF FEDERAL REGULATIONS REFERENCE
Health and Human Services	45 CFR Part 74
Education	34 CFR Part 74
Housing and Urban Development	24 CFR Part 84
Justice	28 CFR Part 70
Labor	29 CFR Part 95

1 You may retrieve a CFR by citation at www.gpoaccess.gov/cfr, and follow the directions provided.

Key Components of a Subaward Plan

There are six key elements of a subaward plan:

1. A purpose statement
2. Types of grants
3. Target groups for subawards
4. Amount and number of grants
5. The grant period
6. An outreach plan

Let's consider these in order:

1. **Determine your purpose.** The first step in developing your subaward plan is to determine the **reason** or **purpose** underlying the effort. In other words, why will you conduct a subaward program? What impact do you want to have on the community? What change do you want to see take place in the organizations receiving awards?

   To identify your purpose, you will need to determine what you want to accomplish and how it fits with the goals and outcomes defined in your grant proposal. Be sure to review the Federal or other program announcement for any information on the purpose of the subawards from the funder's perspective. Also, if you have already submitted a grant proposal, be sure to review that proposal for guidance and consistency in developing a purpose statement.

   A purpose statement usually contains the following elements:

   - **Whom** you will work with or serve
   - **What** you will do for them
   - What you expect to be the **result** or **outcome** of your work together

   An example is the purpose statement developed by the Christian Community Health Fellowship (CCHF), a national network of Christian health professionals and others concerned about the health care needs of impoverished communities in the U.S. CCHF identified the purpose of its subaward program as ***assisting faith-based and community health care organizations to become operationally effective and financially viable providers of community-oriented primary health care in underserved communities and populations.*** Another intermediary organization stated that the purpose of its awards was to ***advance community and faith-based organizations' efforts by building their capacity, increasing their efficiencies, and expanding their scope of services.***

   When creating purpose statements, it is helpful to:

   - Keep your end in mind
   - Act as a visionary, and dream a little
   - Ask yourself what would improve your community, or those you serve
   - Consult potential subawardees to learn about their desired outcomes
   - Make your purpose statement consistent with your organization's mission

2. **Decide which types of grants to offer.** Once you've determined your purpose, it's time to look at the type—or types—of grants you want to offer to be consistent with that purpose. The "type" of grant will reflect the intended end result(s) of the subawards, e.g., a grant to develop an organization's infrastructure might be an Organizational Development Grant, while a grant to help an organization expand their services to another community might be called a Service Expansion Grant.

   To decide on the types of grants you'll offer, consider the following questions:

   - Which organizations is my program targeting for grants?
   - What are some typical needs of these organizations?
   - What activities are likely to help these organizations attain the results stated in the purpose statement?
   - What size grants do these organizations have the skills and resources to use wisely?
   - What size grant can help the most?
   - How many grants can my organization manage and track effectively?

3. **Choose your target organizations.** In developing your plan, it is important to determine what type of organizations you will target to receive subawards. As you focus on specific types of organizations, you are better able to plan outreach efforts, manage the flow and review of proposals, provide the right training and technical assistance specifically designed for those organizations, and achieve the purpose of your subaward plan.

   Before you start to identify the specific type or types of organizations, be sure to check to see if there is any guidance on the issue in the program announcement or in guidelines/directives from the Federal program office (or other funder). For example, the program announcement for the U.S. Department of Labor's Office of Disability Employment Policy's Intermediary Grants for Mentoring Youth with Disabilities stated that intermediary organizations may issue subawards to community or faith-based organizations that:

   "have social services as a major part of their mission; are headquartered in the local community to which they provide services; have a total annual operating budget of $300,000 or less; or have 6 or fewer full-time equivalent employees."[2]

   Likewise, HHS's Administration for Children and Families' 2009 Strengthening Communities Fund announcement asks that applicants give priority for subawards to organizations "who document they are working with agencies responsible for administering the ACF TANF program (Temporary Assistance for Needy Families)…whose annual budgets do not exceed $500,000…[and who are] implementing program(s) that address the broad economic recovery issues present in their communities, including helping low-income individuals secure and retain employment, earn higher wages, obtain better-quality jobs, and gain greater access to state and Federal benefits and tax credits."[3]

   As you think about the organizations you will target, there are a few things that you may want to consider as potential criteria for eligibility for subawards:

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2 From the program announcement for the Office of Disability Employment Policy's Intermediary Grants for Mentoring Youth with Disabilities, which as of this writing can be found at http://www.dol.gov/odep/archives/grants/2003/faith.htm

3 As of this writing, the full text can be found at http://www.acf.hhs.gov/grants/closed/HHS-2009-ACF-OCS-SI-0091.html

- **Faith-based and community-based organizations**—Are you planning to make awards available to both faith-based and community-based organizations?
- **Size of the organization** (determined by the number of staff or size of the budget)—Do you want/need to specify a certain organization size?
- **Nonprofit status**—Are unincorporated organizations eligible? For-profit entities? Only those with IRS nonprofit determinations, e.g., 501(c)3 and 501(c)4 organizations?
- **Age of organization**—Is it important to target new or emerging organizations? Or are those with experience more likely to achieve the program's purpose?
- **Service areas**—Do you want to target organizations in a particular service area consistent with your organization's mission and/or with the priorities of your Federal or other funder?
- **Geographic location**—Do you want to designate a particular location, e.g., neighborhood, city, state, and region? Or do you want to designate organizations in a particular ***type*** of location, e.g., urban, rural, suburban?
- **Funding history**—Do you want to target organizations that have not received Federal funds or other large grants in the past?
- **Partnerships**—Are partnerships of organizations, collaboratives, or alliances eligible for grants?

4. **Decide on the amount and number of grants.** After you have decided on the types of grants you will be offering and the organizations that are eligible, the next step is to determine the total amount you will offer in subawards, the number of subawards you plan to offer, and the amount of each award.

   If you are in the process of applying for a grant or have received a grant, it is likely that you have determined the total amount you plan to distribute in subawards. The Federal Program Announcement for your particular grant program may also provide guidelines for the total amount.

   However, you must still decide how many subawards you will offer and how much you will provide to each subawardee. Consider the following questions as you make this determination:

   Number of Awards

   - How many subawards can your organization effectively distribute and monitor during the budget period?
   - What kind of additional training and technical assistance will the subawardees need in order to succeed? Will your organization be able to provide that level of support for the proposed number of subawardees?

   Amount of Individual Awards

   - What size grant amount(s) will make a difference to subawardees?
   - What size grant amounts will subawardees be able to manage effectively?
   - What size grant amount is appropriate for the particular grant type(s) that you are considering? (If you are considering more than one type of grant, then you may want to consider different grant amounts for each grant type.)
   - What size grant is needed to help an organization achieve the goals stated in your purpose statement?

5. **Determine your grant period.** You will need to decide how long subaward organizations will have to use and spend their funds. First, be sure to ask your program officer if there are any guidelines or directives for you to follow. If so, you will need to make your decision based on those guidelines.

   A note on timing for Federal awards: Federal subaward funds are generally spent within the same Federal fiscal year in which they are granted. If circumstances do not allow for adequate time to spend the funds within the same Federal fiscal year, you may want to extend the budget period to within the calendar year or within a twelve-month period from notification of the subaward. Just be sure that the budget period you set for spending subawards meets all the Federal requirements for your particular grant.
6. **Create an outreach plan.** An outreach plan is a key component of your subaward plan. In it you will define how to inform eligible organizations about your program and how to apply for grants. We will discuss the outreach plan in more detail later in this guide. For now, begin thinking of ways to reach the organizations you have selected as your target.

Develop a Request for Proposals

Based on the purpose, the types of grants, the targeted groups, the number of awards, the amount per award, and the length of the grant period, you are ready to begin to develop your Request for Proposals (RFP) and the accompanying materials for an RFP packet.

To start, determine what information you need about and from the applicant in order to make effective subaward decisions. In most cases, you will want to request information about the organization itself, its proposed project, the budget of the organization, the requested budget for the project, and any compliance requirements concerning the subaward.

Keep in mind that you are seeking proposals to help you choose the organizations that can best make use of your awards. Therefore, carefully decide which information from applicants will help you make effective and informed decisions.

A complete RFP packet will include:
1. Information about your program
2. A request for contact information
3. A request for qualifying information
4. A request for information about the proposed project
5. Information about restrictions and requirements
6. A request for letters of intent
7. Additional considerations

In this section we will also cover letters of consent and other considerations.

1. **Provide information about your program.** Start your RFP with a page or two of pertinent information about your subaward program:
   - Include an overview of the grant and the purpose of the subawards.
   - Provide a timeframe for the subaward grant process, with deadlines.
   - Clearly list eligibility and funding criteria.
   - Describe the size of the grants.

- Describe the purpose of the grants.
- Provide a brief description of the responsibilities for completing and submitting reports.
- Describe restrictions on the use of subaward funds (this will be discussed further in this section).
- Identify any workshops, technical assistance, or support available to applicants.
- Provide contact information for your organization.
- Let applicants know when you'll make decisions, how you'll make decisions, and how you'll notify them about the results.

2. **Request contact information.** Ask for a) the name of the organization's leader; b) physical and mailing addresses for the organization; c) the leader's phone number; and d) the leader's e-mail address.
3. **Request qualifying information.** Qualifying information will tell you whether an organization is eligible for your subaward program. To decide what to ask, return to your eligibility criteria and formulate questions about them. Use the following table as a guide.

ASK ABOUT…	TO DETERMINE…
▪ Organizational Mission ▪ Size of budget and number of staff ▪ Current funding sources ▪ Organization's location or service area ▪ List of the board of directors or advisory committee	▪ Organization's area of concern or focus ▪ Size and infrastructure ▪ Whether the organization receives Federal funds (you may want to ask about this directly) ▪ Geographic eligibility ▪ Infrastructure and community supports

If it is important that organizations have nonprofit status, you might request a copy of the letter from the IRS with a determination of that status.

4. **Request information about the proposed project.** You will need a description of the proposed project—the project that your funds will support. This project information should include:

- The project's purpose
- The problem to be addressed or the goal to be achieved
- The outcomes expected to result from the project, or what will change and how
- Activities that will help the organization reach those outcomes
- A timeline of when major activities will take place
- How the applicant will measure success or achievement of outcomes

You might ask applicants to include their reports to you in the timeline.

Ask the organization to provide a **budget** for the proposed project. To maintain consistency across proposals, you might create a budget form for them to complete. The budget should list key costs, their importance to the project, and the amount of money allocated to each cost. The proposed budget should not exceed the amount of your largest grant. A project budget form is included in the appendices of this guide.

Depending on the purpose of your program, there may be other questions that are important to you. Throughout the RFP, be sure to include page limits and points for each section.

5. **Include information about restrictions and requirements.** Based upon your funding source and the purpose of your program, you may have to impose restrictions on the use of your grants. For example, the Federal government has guidelines prohibiting the use of Federal funds for religious purposes. There are also restrictions against using Federal funds for direct fundraising.

   You might have other requirements of your subawardees. For example, you may require them to attend monthly training sessions. Perhaps they will be required to participate in your organization's evaluation of your project by attending focus groups or completing a survey. Be sure to list these restrictions and requirements in the RFP. Provide as much detail as possible and, where you can, estimate the time required to complete the activity.

   For example, New Roots Providence, an HHS-funded intermediary program in Providence, RI, lets applicants know that they can expect to undergo an organizational assessment requiring ten to twenty hours of agency time. Further, New Roots warns applicants that these mandatory assessments are likely to take place in summer—a busy time for many nonprofits—so they should plan accordingly.

   You will certainly require regular reports from subawardees so that you can monitor progress toward outcomes, as well as the management of subaward funds. Therefore, you might let applicants know how frequently they will be required to report if selected for a subaward and give them some idea of the type of information you will collect.

   A written list of restrictions and requirements could be a part of your RFP, with the instruction that the organizational leader sign the document as a condition of applying for the grant. This serves two purposes: 1) it informs the organization of the restrictions and requirements, and 2) a signature helps ensure future compliance from organizations receiving awards.

6. **Consider requesting letters of intent.** If you would like to gauge how many proposals you are likely to receive so that you can better prepare, you may want to request **letters of intent** or **calls of interest** from potential applicants as a part of the RFP process. Letters of intent or calls of interest help determine the level of applicant interest so that you may plan the number of staff/volunteers needed for the selection process, or determine if you need to engage in further solicitation to boost the number of proposals coming in. Letters or calls may also help screen out applicants that do not meet your eligibility requirements. Letters or calls should be submitted **before** you receive any proposals.

   To require a letter or call, be sure to put information in your RFP packet or in your announcements asking that potential applicants contact you by e-mail, standard mail, or phone by a date prior to your proposal deadline.

   In fact, you might consider multiple steps in your application process— 1) requesting a letter of intent, to which only selected organizations may apply, and 2) only allowing these selected/screened organizations to move on to the second round. Just be sure to check with your Federal Program Office or other funding source to ensure that your multi-step application process is in compliance with program requirements.

7. **Other considerations.** In designing your RFP packet, be sure to put it in a format that is user-friendly and accessible for your specified audience. You might target the writing to an eighth-grade reading level; many word processing programs will give you a sense of the reading level of your document. If you are targeting organizations created by and for people who speak a language other than English, you may want to translate the packet contents into the appropriate language. Just be sure to decide whether or not you can manage proposals written in those languages, and state that in the RFP.

   Finally, provide guidance for completing the proposal. Include clear directions and specify any requirements, such as length of proposal (number of pages to be submitted), deadline for submitting the proposal, need for supporting materials or information to be included with the proposal, and the address to which you want the proposal sent. A checklist of required elements can be a useful tool for applicants.

OUTREACH STRATEGIES

After designing your packet materials, the next step is to develop and implement an outreach plan. This plan will describe how you will contact and inform eligible organizations about the availability of your award(s) and how they will obtain the RFP packet.

Create a Master List

By now, you have identified your targeted groups and organizations. Next, compile an outreach list (using both e-mail and postal mail address lists) to contact those groups. You can develop your master list by combining a series of lists:

- Your own organization's mailing list
- Mailing lists of partners associated with your project
- Association lists (organizations in particular service areas: homeless shelters, after-school programs, etc.)
- Nonprofit lists (lists of nonprofit organizations usually compiled by city or area by the local United Way, Chamber of Commerce, Junior League, or other civic group)
- Faith organization lists (churches, synagogues, mosques, etc.) by type of faith, denomination, or geographic location

Choose Your Tactics

To develop an effective outreach and distribution strategy, consider implementing the following elements:[4]

- Post information on your partners' websites.
- Make arrangements to post information on other websites supportive of your project.
- Send out e-mail notices to your master e-mail mailing list.
- Send out notices by direct mail and/or fax to your master mailing list.
- Make personal phone calls to targeted and influential groups to invite them to apply and to ask for their help in outreach.

4 This information was taken in part from the JVA Consulting Subaward Plan submitted under the Administration for Children and Families' Compassion Capital Fund, February 2003.

- Make presentations to targeted audiences at organizational meetings, conferences, trainings, etc.
- Place notices in publications and newsletters serving the nonprofit and faith community sectors.
- Develop a public service announcement (PSA) and release it to radio, print, and local cable TV media outlets.
- Hold a press conference to inform the community about your plan. Be sure to inform statewide media as well as local sources that represent the communities you wish to serve. If you have received a Federal grant, members of your Congressional delegation may wish to participate. Their presence can help attract the media.
- Ask other organizations that work with the same target group of organizations to provide the information via their mailing lists, on their websites, and in their newsletters.
- Hold grant workshops for target agencies to inform them about your program and about how to apply for grants.
- Depending on your budget and staff skills, consider contracting with a public relations expert for assistance.

Provide Support for Applicants

Many intermediaries view the subaward process as a training and technical assistance opportunity to help applicants further build their capacity in fundraising. They offer grant application workshops for this purpose.

A typical workshop agenda includes:

- Introductions (this can help build solidarity among local organizations)
- A program overview
- The purpose of the grants
- Eligibility criteria
- Review of the RFP instructions
- Review of the RFP sections
- Your decision-making process and timelines
- Overview of requirements and regulations regarding the use of Federal funds
- Time for questions and answers
- A writing exercise geared toward completing the proposal

To help foster cooperation and collaboration, consider asking each person who attends for permission to release their contact information to the others in attendance. Then, send the contact list to all who agree.

If your organization can not or chooses not to provide formal training workshops or individualized technical assistance to support applicants, consider providing assistance online or by phone. Whether provided in person or remotely, any assistance can help eliminate non-eligible applicants, make individual proposals stronger, and ensure accountability from your subawardees.

Other Considerations

If your plan doesn't seem to be working, don't be afraid to make changes. When the Southwest Georgia United Empowerment Zone found that they weren't reaching enough faith-based organizations, they used good old-fashioned community organizing to get the word out. They went from church to church, informing people about the new program.

And be sure to use tactics and strategies that are compatible with your target group. The door-knocking example above may not work well in rural areas, but attending an already-scheduled interfaith meeting may. Perhaps folks in your community rely on local radio to inform them of events. Because you have been selected as an intermediary, you are probably very familiar with and comfortable in the communities to be served. But it won't hurt to engage local leaders and ask which outreach strategies they think are most likely to yield results.

PREVENTATIVE MEASURES TO ENSURE ACCOUNTABILITY

As mentioned above, providing training and technical assistance for potential applicants can go a long way toward helping ensure accountability from your subawardees. As an intermediary, your organization is responsible for making sure that all Federal funds provided through subawards are managed and monitored to ensure compliance with Federal requirements and regulations, and that the funds are used in the manner for which they were approved.

If subawardees violate Federal requirements, the requirements specified in their subaward, or otherwise improperly use the funds they receive, you as the grantor, as well as the subawardee, may both be subject to legal action. If a subawardee uses its funds fraudulently, it could be subject to criminal prosecution. It is therefore important to stay well-informed about your legal obligations and those of your subawardees.

The following is a brief overview of a few of the major legal obligations and issues regarding the use of Federal funds by grantees. Since you, as an intermediary, may be making subawards to faith-based and community organizations, some of these issues specifically involve matters that rise up when faith-based groups receive Federal funds. You should request guidance on these matters from your Federal program officer.

Financial reporting requirements. To make sure that grant funds are used properly, organizations that receive Federal funds must file regular financial status reports based on the requirements of the individual grant. As of the time of the writing of this guidebook, the basic financial report for Federal funds is a one-page document called Standard Form 269. (Programs are slowly phasing out the use of this form and replacing it with the Federal Financial Report). As a Federal grantee providing subawards, you will need to complete and compile financial reports on your subawardees and submit them on a regular basis. Accordingly, your subawardees will need to submit financial reports to you in the same format used for your own report.[5]

Support of only non-religious social services. A subawardee cannot use any part of a direct Federal grant to fund "inherently religious" activities, which include religious worship, instruction, or proselytizing. Instead, organizations should use government funds to support only the non-religious social services that they provide. This doesn't mean the organization cannot have religious activities. It **does** mean that the organization cannot use taxpayer dollars to fund religious activities.

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5 For more information about the Federal Financial Report (FFR) visit the Division of Payment Management website at http://www.dpm.psc.gov/grant_recipient/ffr_information.aspx

Social services open to all eligible persons. If an organization takes Federal money, it cannot discriminate against a person seeking help who is eligible for the service. Religious organizations receiving public funds for a service that they are providing cannot serve only persons of their faith and turn others away. In addition, a faith-based organization may not require those it serves to profess a certain faith or participate in religious activities in order to receive the services it provides for the Federal government.

The following provides some ideas on how your organization can take preventative measures, starting with soliciting proposals, to help ensure that the organizations that receive awards comply with Federal requirements and regulations:

- Include all requirements and regulations in the RFP application packet and in supporting documentation. Be sure to explain all requirements and regulations clearly and directly and provide examples, if helpful. Consider requiring applicants to sign a statement indicating that they understand and agree to abide by these requirements.
- Provide pre-award training on what receiving a Federal award entails. Be sure to cover the Federal requirements and regulations as well as reporting requirements, monitoring requirements, and restrictions on use of funds.
- Make a site visit to the selected applicants (prior to finalizing an award) to ensure that all submitted documentation is correct and that the applicant understands the requirements associated with receiving the award. If it is not possible to make an on-site visit, consider setting up a conference call with organizational leadership (executive director, board president, etc.) to discuss the organization, grant application, proposed project, and understanding of grant requirements.
- Design a monitoring plan to oversee the subaward project and spending of subaward funds. Develop a memorandum of agreement for each subawardee that outlines subaward requirements for grantees. Be sure to include your obligations in the document and have each party sign.
- Develop intervention procedures to be implemented by your organization with the grantee if problems arise. Communicate those procedures clearly to all subaward candidates or include in the memorandum of agreement.

Investing the time to create a thoughtful, well-planned solicitation process will yield strong candidates for subaward consideration as well as strong subawardees to help achieve your overall program goals. Refer to the “Troubleshooting” section at the end of this guidebook for more ideas on how to ensure compliance with your program.

SELECTING SUBAWARDEES

You have already designed your program, created an RFP, and solicited proposals. Now it’s time for the real fun: choosing your subawardees. The following sections will teach you how to design your review process, recruit and train grant reviewers, conduct a thorough review process, and notify applicants of your decisions.

The prospect of choosing from many deserving applicants may seem daunting, but don’t worry. With good planning and preparation you can transform this challenge into an exciting and rewarding experience for you and your reviewers.

Design Your Review Process

To make your review process work as smoothly as possible, you should develop standard and impartial review procedures for all proposals:

1. **Develop review criteria and a review form.** Refer to your RFP and the points that you assigned to each section. Then create a rating form to guide reviewers. The form should be broken down by proposal section. Each section should list the highest possible points that can be assigned and some criteria for evaluating and assigning points. Include some space for reviewers to make written comments. A sample rating form is found in the appendices of this guidebook.
2. **Develop a procedure for pre-screening proposals.** Remember that reviewers are usually volunteers, and you may want your reviewers to participate in future years of your program. Keep them on your side by screening proposals before they reach reviewers and eliminating any that are incomplete or are from ineligible organizations.

   Log each proposal into a spreadsheet or database. You should include contact information and the size of the request. Having an accurate database will help you greatly in the post-decision period.
3. **Design your "decision day."** More about decision days can be found below. Consider using a neutral facilitator on this day, and carefully craft an agenda to guide you in making sound decisions.

Recruit and Train Reviewers

1. **Decide who will review proposals.** Organizations often start to look for reviewers among staff members within their organization. However, you may want (and need) to consider inviting your organization's or your project partners' board members, volunteers, or even funders and clients to sit on the review committee. You could also expand your recruitment to include community leaders, social service personnel, and/or faith and religious leaders. Some funders have rules about who makes decisions, so be sure to check with your funding source before finalizing your reviewer team.

   Estimate the number of reviewers you will need by the amount of letters of intent or calls of interest made by potential applicants. Ideally, reviewers should be familiar with faith- and community-based organizations as well as the overall purpose of your project. However, the project purpose could be explained to those that are unfamiliar during the orientation session, which is the next step in your process.
2. **Train the reviewers.** To maintain consistency and standards throughout the review process, be sure to provide an orientation or training to all reviewers. It is best to offer that training to all reviewers at one time so that they may meet each other, learn from each others' questions, and discuss the process among themselves. At a minimum, the training should consist of four areas: 1) background on your organization and the project; 2) information on the subaward program; 3) information on the review and selection process; and 4) information concerning the announcements. You may want to allow two hours or more for training.

   It is essential to ensure that there are no conflicts of interest between any of your reviewers and the organizations applying for the subawards. It would be improper for an employee, an officer, an "acting officer," and/or an immediate past president/chairperson of an applicant organization to be a reviewer on that proposal. Therefore, include information on avoiding conflicts of interest in the training. A sample "Confidentiality and Conflict of Interest Form" is provided in the appendices of this guidebook for your information and use.

   Topics you might cover in an effective reviewer orientation are found in the following chart:

ORIENTATION TRAINING FOR REVIEWERS

AREA OF TRAINING	POSSIBLE TOPICS
Background on Organization and Project	▪ Brief background on your mission, activities, and outcomes, if reviewers are unfamiliar with your organization ▪ Brief background on the project, including project description and goals, anticipated outcomes, and amount of award that your organization received
Background on Subaward Plan	▪ Purpose and goal of subaward plan ▪ Description of targeted organizations ▪ Description of types of awards and award amounts
Review Process	▪ Role of reviewers and anticipated time commitment ▪ Purpose of review ▪ Standards of conduct: conflict of interest and confidentiality (You may want to provide a form outlining confidentiality and conflict of interest issues for reviewers to sign.[6]) ▪ RFP and proposal template ▪ Criteria for eligibility ▪ Evaluation process ▪ Scoring (listed on proposal); also provide rating sheet ▪ On-site visit protocol (if reviewers will be conducting on-site visits) ▪ Selection process ▪ Schedule for process (meeting dates and times)
Announcement	▪ When announcements are anticipated ▪ How announcements will be made ▪ What will be offered to applicants not receiving awards

Once the reviewers have rated proposals, the process of making decisions begins. First, be sure that two or more reviewers have read and rated each proposal, so that more than one person's opinion is brought to bear on decisions. There are many ways to handle this well. Each proposal may receive a score that is an average of the individual reviewers' score. Or, reviewers may be asked to meet and discuss their mutual proposals and then assign one score for each.

Once you have a score for each proposal, it's time to make final decisions. A reasonable way to do this is through a decision meeting (or, if location is an issue, through a conference call). For best results, ask a neutral party to facilitate this meeting, and carefully prepare an agenda in advance.

At the decision meeting, reviewers will share their scores for each proposal, and then the proposals will be ranked in order from highest score to lowest. You may have many more top scorers than you have grants to award. If so, the group of reviewers might discuss proposals further in order to refine the list. Lastly, review the slate of finalists to make sure that the list reflects your program's goals.

Before closing the meeting, thank the reviewers for their time and, in the interest of confidentiality, collect their copies of the proposals and their rating sheets. The rating sheets and their comments will help you give useful feedback to any unsuccessful applicants.

6 See example in Appendices.

Announce the Decisions

In the final step of the review and selection process, announce your decision to three critical groups: the subawardees, the unsuccessful applicants, and the community.

Notify **successful applicants** by both telephone and letter. In the letter, you might state the size of their award and invite the subawardees to an orientation session. Your letter should convey warmth along with information, and it should let applicants know you are looking forward to working with them as they complete their projects.

In your letter to **unsuccessful applicants**, invite them to contact you to discuss their proposals and ways to improve them for next time. Some intermediary organizations have provided one-on-one technical assistance to non-selected applicants over the phone or in a scheduled meeting at the applicant's request. Working with the unsuccessful applicants takes diplomacy and tact. It is important to be respectful of their efforts while providing useful feedback that may lead to future improvements. And always be sure to maintain their confidentiality in your communications; only the unsuccessful applicants and the reviewers should know why applicants were not selected.

Once all the applicants have been informed, **let the community know** about your decisions. Issue a press release to local media outlets, as well as to media contacts with publications and newsletters serving the nonprofit and faith communities. Consider holding a press conference with representatives from all or some of the successful applicants. (This is especially effective if your intermediary organization and the subawardees are concentrated in a particular community or area whose local media is eager for and open to positive local stories.) Publish the list of subawardees on your website, and send a copy of the list to your organization's staff and board of directors. E-mail a final list to the reviewers and partners too. It is important that everyone who helped on the process is well-informed about the result and can help spread the word about your program's accomplishments.

CONTRACTING WITH SUBAWARDEES AND DISTRIBUTING FUNDS

You now have a group of organizations that have been chosen to receive funds to carry out a particular project. It is important to create a formal agreement with each organization that specifies how the funds will be used, how they will be distributed, and any other requirements of your program. There are a number of ways to do this, but most involve a **Memorandum of Agreement**.

Create a Memorandum of Agreement

A Memorandum of Agreement (MOA) is a signed document that defines the agreement between you and the subawardee. It states the rights and obligations of each party. Before developing an MOA, check with your program officer to determine if there are any guidelines or restrictions about contracting with subawardees that you must follow for your particular grant.

1. **Decide how you will distribute funds.** The MOA should describe the way that you, as the organization sub-granting funds, will distribute funds to the subawardee.

   Some of the ways that you might distribute funds include:

   - Distributing the award payment in installments based on the receipt of financial and progress reports from the subawardee.
   - Providing the award payment in one installment at the beginning of the project period.

- Distributing the award payment in two or more installments, e.g., providing one payment at the beginning of the project period and another payment at the mid-point or end of the award period. Tie the second payment to your review and approval of expenditures to date.[7]

Since in many cases you will be working with organizations that have received little or no public funding, it can be a very good idea to tie fund distribution to the receipt of complete and accurate reports.

2. **Define the subawardee's obligations.** The MOA should also define the proper use of funds, any required participation at training and technical assistance events, and any required participation in your evaluation. It should also spell out reporting requirements. The MOA should include a project budget, as well as expected activities, outcomes, and indicators for the grantee's project.
3. **Describe consequences for noncompliance.** Be sure to spell out the actions you will take if a subawardee falls out of compliance with the agreement. What happens if a subawardee fails to send representatives to required meetings? Does an incomplete financial report trigger a site visit or an audit? Failure to submit timely and accurate reports is a serious problem that could justify termination of the agreement. Think about which parts of the MOA you wish to enforce and include language to describe enforcement. A sample MOA is included in the appendices of this guidebook.
4. **Describe what you will do for the subawardee.** Here you might list the training and technical assistance available, quarterly networking gatherings, or other special opportunities you will offer the subawardees. Remember, they probably need more than just the grant, so carefully consider what else you will provide.

Provide Purchasing Guidelines

As many smaller nonprofit organizations have never competed for or received public funds, you, as the sub-grantor of those funds, may need to provide subawardees with procurement guidelines for the receipt and use of Federal funds in purchasing goods and services. The University of Hawaii's Compassion Capital Fund program developed a manual for its subawardees on procurement guidelines based on the university's purchasing procedures. The manual details requirements for each type of procurement action for goods and contract services, as well as for equipment purchases. A copy of the "Procurement Procedures" grid is included in the appendices.

Monitoring Subawardees

As a sub-grantor of funds, you are responsible for ensuring that the organizations receiving those funds are in compliance with Federal requirements (or your other funder's requirements), as well as with the terms of your MOA. To fulfill that responsibility, your organization should establish an oversight and monitoring plan for your subawardees.

1. **What to monitor.** To ensure that subawardees comply with the requirements of your program, your organization will need to be sure of the following for each subawardee:

   - Project progress is consistent with the approved proposal and with the MOA.
   - Subaward funds are used for approved purposes only.
   - Subaward funds are not used for inherently religious purposes (if that is applicable to your project).
   - Subaward funds are accounted for appropriately.

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7 Although there may be different types of payment methods, Federal grants should likely be consistent with 45 CFR Part 74.22, which outlines payment requirements. Please refer to Part 74.22 for more details.

2. **Reporting requirements.** For effective monitoring of grants and subawards, it is essential that subawardees be monitored throughout the project period. There are a variety of ways that your organization can provide regular and frequent monitoring for subawardees. Reporting is one common way that intermediaries monitor the progress of subawardees.

   Be sure to require regular programmatic and financial reports from subawardees. Your organization should provide a standard reporting form or template for subaward organizations to complete and submit on a scheduled basis. Reconcile these reports with what is required by your funder, and ask your subawardees for information you'll need to complete your own reports to your funder. Make sure that the reports arrive in enough time for you to incorporate them into your reporting schedule. Some intermediary organizations require quarterly or even monthly reports from subawardees. Remember, you are responsible for the appropriate use of the funds, so don't be afraid to ask for what you need as often as you need it.

   As part of your regular reporting requirements, ask organizations to report on how the funds are spent, and be sure the expenses reported are in line with the budget included in the MOA. Consider asking for documentation, such as invoices and receipts. Subawardees should also report on their activities and on progress made toward the project outcomes listed in the MOA. It is a good idea to collect stories of the impact of your project, so ask for relevant stories from your subawardees. These stories of impact will not only help in your reports to your funder, but they can be shared to motivate and inspire other subawardees.

   Remember that your subawardees are probably new to reporting requirements, so make the forms as simple as possible, and include clear and concise instructions. Make the reporting deadline clear, and be fair but firm about compliance. You might hold an orientation meeting for all grantees during which you preview reporting requirements and review the forms, answering any questions and explaining why regular reporting is necessary.
3. **Other ways to monitor.** In addition to reporting, you might consider other methods of monitoring your subawardees:

   - Contact subawardees regularly by phone or via e-mail to ask how their projects are going and to offer your help and advice. This can be done on a monthly, bi-monthly, or quarterly basis.
   - Hold regular meetings or training events for subawardees. These provide an opportunity for skill building, sharing of information among subawardees, and monitoring progress. They may also help you detect any issues or problems experienced by subawardees.
   - Assign a "mentor consultant" from your organization (or your training and technical assistant consultant pool, if you are using external consultants) to work with the subawardee and to provide scheduled reports on its progress.
   - Hold on-site visits throughout the project period. This may only be possible if awardees are located in a geographic area that is accessible to the grant-making organization.
   - Conduct a subaward program audit. This requires that each subaward recipient provides access to its records and financial statements, as necessary. You may want to consider periodic audits at the beginning of the project period to make sure that appropriate accounting procedures are in place, at a midpoint, and at the end of the project period.

   Monitoring subawardees may be the least enjoyable, but most important, part of your program. Doing it well can ensure a highly successful subaward program.

TROUBLESHOOTING

Even the best-planned subaward program can encounter bumps in the road. Common types of problems faced may include:

1. Projects that stall
2. Projects making insufficient progress toward outcomes
3. Subawardees that are not in communication
4. Noncompliance with program requirements
5. Improper use of program funds

Let's examine these one at a time, and propose potential solutions:

1. **Projects that stall.** Sometimes a subawardee will begin a project with energy and enthusiasm, but hit a full stop before the project's complete. If you have built enough goodwill with the organization, they will feel comfortable turning to you for help. More likely you will notice that their progress reports are thin, with little evidence of effective activity.

   Stalled projects are not that unusual, but you should intervene as soon as possible and help the organization get back on track. Here is one possible intervention process for you to consider:

   a. Describe the problem tactfully but directly to the subawardee.
   b. Call a meeting to work out a solution.
   c. Detail your concerns at the meeting and ask what is causing the delay.
   d. Restate the problem in your own words and check for accuracy.
   e. Ask the subawardee to suggest solutions. Decide what help your organization can give and offer it. Then, decide together on what steps will be taken to correct the problem.
   f. Create a written document that states the problem and the steps each party will take to correct the problem. Include any deadlines and any consequences for not following through.
   g. Have both parties sign the new agreement and monitor the subawardee's progress.

2. **Insufficient progress toward outcomes.** You could also handle this situation with the intervention process described above. Just be sure to:

   a. State the problem clearly.
   b. Reach agreement on solutions.
   c. Offer your organization's assistance.
   d. Create and sign a written agreement.
   e. Monitor compliance with the agreement.

3. **Subawardees that have stopped communicating.** If faced with this problem, you might simply send written communication to the last known e-mail and mailing address. Send your e-mail or letter with receipt confirmation requested. Ask the organization to answer by a certain deadline. You might also visit the physical location to express your concerns in person.

   If the deadline for responding passes with no communication from the organization, it might be time to terminate your agreement with the organization. Contact your Federal or other program officer for guidance on how to proceed.

4. **Noncompliance with program requirements.** Depending on the severity of this problem, you may have to exercise your right to terminate the organization's participation in the program. If you do so, be sure to put the termination and your reasons in a letter that you send to the organization. In less severe cases, you could troubleshoot according to the process found above.

   In cases of noncompliance, it is vital to notify your program officer of the problem and to seek their advice. The program officer may be aware of greater consequences for the subawardee, particularly if your program subawards Federal funds.

5. **Improper use of the subaward.** This is another instance where your actions will depend on the severity of the problem. If the subawardee has spent a small amount of money on non-related supplies, they might reimburse the project with other organizational funds. A faith group that uses Federal funds to purchase religious materials, however, has put your program in jeopardy. The consequences, therefore, are much more serious.

   For serious violations, it will be important to notify your program officer about the problem and ask for guidance on how to proceed. You will likely need to terminate the subaward and provide written support to your funder for your decision.

APPENDICES

APPENDIX A

Sample Project Budget Form

Use the following form to create a proposed project budget of no more than $15,000. For each line item, write a few words explaining how it will contribute to your project's success.

EXPENSE	AMOUNT	WHY IT IS IMPORTANT TO YOUR PROJECT
1. Staff time spent on project		
2. Consultants or other contracted personnel (list the areas of expertise you will need)		
3. Professional development, e.g., training, workshops, executive coaching, conferences (list them here)		
4. Supplies and materials (list the supplies you expect to purchase from these funds)		
5. Computer hardware and software		
6. Mileage or other travel costs		
7. Other expenses (list here)		
TOTAL		

APPENDIX B

Sample Rating Form

CRITERIA RATING SHEET	
Reviewer's Name:	Date:
Organization Name:	
Jurisdiction:	

Funding Category:

1. **Organizational Information (20 points)**

   At a minimum, the response should do the following:

   - Provide a brief statement of the organization's mission and goals.
   - Describe how the mission and goals fit within the scope of the CCFDP core objective to provide programs and services that support and strengthen children and youth.
   - Explain within the funding category guidelines the legal structure of the organization and the organization's status as a community-based or community-serving organization.

Score:

Strengths:

Weaknesses:

2. **Organizational Capabilities and Expertise (25 points)**
   - At a minimum, the response should do the following:
   - Describe the organization's existing programs, activities, and/or services.
   - Explain organizational experience and breadth of knowledge with services, programs, and inherent challenges to success conducted on behalf of children and youth.
   - Provide a brief self-assessment of the organization's skills, technical ability, and experience to provide programs and services that support and strengthen children and youth.

Score:

3. Organizational Capabilities and Expertise (25 points)

- At a minimum, the response should do the following:
- Describe the organization's existing programs, activities, and/or services.
- Explain organizational experience and breadth of knowledge with services, programs, and inherent challenges to success conducted on behalf of children and youth.
- Provide a brief self-assessment of the organization's skills, technical ability, and experience to provide programs and services that support and strengthen children and youth.

Score:

4. Organizational Capabilities and Expertise (25 points)

- At a minimum, the response should do the following:
- Describe the organization's existing programs, activities, and/or services.
- Explain organizational experience and breadth of knowledge with services, programs, and inherent challenges to success conducted on behalf of children and youth.
- Provide a brief self-assessment of the organization's skills, technical ability, and experience to provide programs and services that support and strengthen children and youth.

Score:

5. Organizational Capabilities and Expertise (25 points)

- At a minimum, the response should do the following:
- Describe the organization's existing programs, activities, and/or services.
- Explain organizational experience and breadth of knowledge with services, programs, and inherent challenges to success conducted on behalf of children and youth.
- Provide a brief self-assessment of the organization's skills, technical ability, and experience to provide programs and services that support and strengthen children and youth.

Score:

Strengths:

Weaknesses:

6. **Purpose of Funds Being Sought (35 points)**

- At a minimum, the response should do the following:
- Provide a description of the program or service for which the organization is seeking funding.
- Provide a statement describing the need the program or service will address, as well as the impact of the program or service on the target population.
- Spell out in adequate detail the desired outcomes of this program or service and describe how they will be measured.
- Attempt to ensure that all specified tasks and deliverables are responsive to the requirements of the CCFDP request for submission.

Score:

Strengths:

Weaknesses:

7. **Budget (20 points)**

- At a minimum, the response should do the following:
- Provide a statement indicating the funding category for the service or program.
- Provide a statement indicating how the funds will be used, e.g., salaries, equipment, facilities, participant stipends, meals, and/or training.
- Provide a fiscal narrative compatible with the core objective of the RFP to provide programs and services that support and strengthen children and youth.
- Ensure that the budget does not fund endowment or capital campaigns, brick-and-mortar projects, land purchases, ticket purchases, political or partisan activities, nor religious practices, religious instruction, worship, and/or prayers.

Score:

Strengths:

Weaknesses:

Used with permission from Associated Black Charities.

APPENDIX C

Sample Confidentiality and Conflict of Interest Form

Confidentiality and Conflict of Interest Form

1. The following persons are excluded from serving on the review panel:
   - All officers of any applicant;
   - The executive director of any applicant;
   - The immediate past president/chairperson of any applicant; and/or
   - Anyone serving in an "acting officer" capacity with an applicant, such as the acting director or any interim board president/chairperson/officer
2. Persons participating in the review process will abstain from both discussion and voting on issues where there is a potential conflict of interest.
3. Persons participating in the review and selection process agree to respect the confidentiality of grantee submissions and the review process.

………………………………………………………………………………………

[Your Program's Name]

Confidentiality and Conflict of Interest Agreement

I, ____, have read the Confidentiality and Conflict of Interest Policy above and do hereby certify my eligibility to participate as a reviewer for [Your Program's Name] funding.

Sign:

APPENDIX D

Sample Partnership Agreement Memorandum of Understanding

ABC Nonprofit and CDF Grassroots

This document describes the agreed-upon responsibilities and expectations between ABC NONPROFIT (Lead Organization) and CDF GRASSROOTS ORGANIZATION (FBCO Partner) for the use of funds received through the U.S. Department of Health and Human Services (HHS) Compassion Capital Fund (CCF) Communities Empowering Youth (CEY) Demonstration Program for the HOPE AND LIFE PARTNERSHIP. The purpose of HOPE AND LIFE PARTNERSHIP is to build OUR capacity to address youth violence issues in our community.

ABC NONPROFIT is partnering with CDF GRASSROOTS ORGANIZATION along with nine other local groups through this project. This project contains three components: (1) community assessment; (2) training and technical assistance; and (3) the distribution of grant funds to partnering organizations to implement their individual capacity building plans.

Responsibilities and Expectations

For this project, ABC NONPROFIT serves as the "lead" organization. As the lead organization, ABC NONPROFIT is responsible for the following:

- Ensuring the program activities and finances of the HOPE AND LIFE PROJECT are in compliance with CEY requirements and Federal regulations
- Serving as the coordinator for the community assessment and evaluation activities for HOPE AND LIFE PARTNERSHIP
- Providing support in the development of individual technical assistance plans for each partnering organization
- Distributing up to $50,000 to each partnering organization to implement their individual capacity building plans
- Designing a comprehensive training program for all partnering organizations
- Reporting HOPE AND LIFE PARTNERSHIP activities and accomplishments to HHS

Under this Agreement, CDF GRASSROOTS ORGANIZATION agrees to:

- Send a management-level staff person to all HOPE AND LIFE PROJECT planning meetings
- Complete an organizational assessment to determine the priority capacity building needs for their organization
- Develop a detailed capacity building plan along with expected outcomes
- Participate in the HOPE AND LIFE PROJECT community assessment
- Participate in all HOPE AND LIFE PROJECT trainings

- Provide quarterly reports to ABC NONPROFIT on the use of project funds through HOPE AND LIFE PROJECT using format in Attachment A
- Comply with all appropriate local, state, or Federal laws and regulations regarding the use of funds provided through the HOPE AND LIFE PROJECT (see Attachment B: Restrictions)
- Participate in all evaluation activities required by Federal agencies funding this project
- Submit a final report at the end of the grant period listing the major accomplishments and outcomes for your capacity building project
- Not use any of the funds from this project to support inherently religious activity such as religious instruction, worship, or proselytizing. (See Attachment B for additional information on this topic.)
- Not use any of the funds from this project to contract with another organization receiving funds from the Compassion Capital Fund without submitting a request to ABC NONPROFIT that will be forwarded to the federal agency sponsoring this grant program

Disbursement of Project Funds

In order to receive project funds from ABC NONPROFIT for the implementation of the capacity building plan, CDF GRASSROOTS ORGANIZATION must submit a monthly invoice for reimbursement of costs associated with the project. The invoice should include a description of expenditures for the project along with the cumulative costs for the project to date. Within five business days, ABC NONPROFIT will disburse the requested funds to CDF GRASSROOTS ORGANIZATION. The final invoice for all project expenses should be submitted within fifteen days after the end of the project (October 1, 2009). In order to receive final payment, CDF GRASSROOTS NONPROFIT must submit a final project report indicating how the funds were used, itemizing the amount of funds used on the specific technical assistance areas outlined in the original technical assistance plan. The report should also include a summary of the outcomes and accomplishments associated with CDF GRASSROOTS NONPROFIT's project.

All invoices shall be forwarded by e-mail to info@abc.org or by regular mail to:

ABC Nonprofit Organization
Attn: Hope and Life Project
1254 Any Street
Washington, DC 22222

Time Period

This Memorandum of Agreement shall remain in place from October 1, 2006, through September 30, 2009, unless modified in writing before that date.

Termination

This Agreement may be terminated in whole or in part by either party without cause. Written notice of termination shall be given in writing to both ABC NONPROFIT and CDF GRASSROOTS ORGANIZATION and shall be sent via certified or registered mail with return receipt requested. Failure to honor any of the obligations stated above may also result in the termination of this Agreement.

Signatures of authorized agency representatives:

Attachment A

Sample FBCO Partner Reporting Form

Reporting Date:	November 17, 2007
Organization Name:	CDF GRASSROOTS ORGANIZATION
Project Budget:	$50,000
Funds Used to Date:	$25,000

Brief Overview of the Capacity Building Plan: CDF GRASSROOTS ORGANIZATION is using the funds for this project to increase the effectiveness and efficiency of its fundraising efforts. This includes hiring a fundraising consultant to review previous proposals, help develop a fundraising plan for the organization, review overall fundraising costs, and train our board of directors in grassroots fundraising strategies.

Summary of Activities Since Previous Reporting Period: During this past quarter we have completed our fundraising plan, and it is currently being reviewed by the recently established fundraising committee on the board. Our fundraising consultant has also reviewed and provided feedback on the content of recent fundraising proposals for foundations and government agencies. Our funds were used to pay our fundraising consultant (see invoice attached) and to purchase software to keep track of potential individual donors (receipt included).

Please attach any invoices or copies of receipts for purchases made with this funding.

Attachment B

Use of Federal Funds for Religious Activities

Organizations and their faith-based and community partners shall not use direct Federal grants or contracts under the CCF CEY Demonstration Program to support inherently religious activities, such as religious instruction, worship, or proselytizing. Therefore, an organization must take steps to separate, in time or location, their inherently religious activities from the CCF CEY-supported services. Some of the ways organizations may accomplish this include, but are not limited to, promoting only the federally funded program in materials, websites, or commercials purchased with any portion of the Federal funds. Further, participation in such activity by individuals receiving services must be voluntary.

A faith-based organization receiving HHS funds retains its independence from Federal, state, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs. For example, a faith-based organization may use space in its facilities to provide secular programs or services funded with Federal funds without removing religious art, icons, scriptures, or other religious symbols.

In addition, a faith-based organization that receives Federal funds retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents in accordance with all CCF CEY Demonstration program requirements, statutes, and other applicable requirements governing the conduct of HHS-funded activities. Regulations pertaining to the Equal Treatment for Faith-Based Organizations, which includes the prohibition against Federal funding of inherently religious activities, can be found at either 45 CFR 87.1 or the HHS website at http://www.os.dhhs.gov/fbci/waisgate21.pdf.

APPENDIX E

Sample Procurement Procedures

TYPE OF PROCUREMENT ACTION	REQUIREMENT
Goods and Contract Services	
Purchase of goods or services $0 - $2,499	1. Approval from grantee's executive director or fiscal officer indicates price reasonableness.
Purchase of goods or services $2,500 - $14,999	1. A competitive process is required. A minimum of three verbal quotations must be requested and documented. 2. In the event that the lowest bid is not selected, or if only one quote is received, grantees are required to document price reasonableness. 3. Grantees may use agency forms, or may use the following forms developed by the project for record keeping: *Record of Verbal Quotation*, *Determination of Price Reasonableness*.
Purchase of goods or services $15,000 and above	1. A competitive process is required. A minimum of three written quotations must be requested and documented. 2. In the event that the lowest bid is not selected, or if only one quote is received, grantees are required to document price reasonableness. 3. Grantees may use agency forms or may use the following forms developed by the project for record keeping: *Request for Written Quotation*, *Determination of Price Reasonableness*.
Sole source purchase of goods or services $2,500 and above	1. When a competitive bidding process is impractical because only one product/service will meet the need and that one product/service is only offered by one vendor, justification for a sole source purchase must be documented. 2. Price reasonableness must also be demonstrated and documented. 3. Grantees may use agency forms, or may use the following forms developed by the project for record keeping: *Sole Source Justification*, *Determination of Price Reasonableness*.
Equipment ($5,000 and above)	

TYPE OF PROCUREMENT ACTION	REQUIREMENT
Competitive purchase of equipment $5,000 - $14,999	1. The purchase of equipment ***requires prior approval*** from the Federal Grants Officer. Therefore, the *Equipment Purchase Request* form must be completed and submitted to the Compassion Capital – Hawaii Moving Forward Project Coordinator. To expedite the approval process, forms should be faxed to XXX-XXX-XXXX. 2. A competitive process is required. A minimum of three verbal quotations must be requested and documented. 3. In the event that the lowest bid is not selected, or if only one quote is received, grantees are required to document price reasonableness. 4. Grantees may use agency forms for Steps 2 and 3, or may use the following forms developed by the project for record keeping: *Record of Verbal Quotation*, *Determination of Price Reasonableness*.
Competitive purchase of equipment $15,000 and above	1. The purchase of equipment ***requires prior approval*** from the Federal Grants Officer. Therefore, the *Equipment Purchase Request* form must be completed and submitted to the Compassion Capital – Hawaii Moving Forward Project Coordinator. To expedite the approval process, forms should be faxed to XXX-XXX-XXXX. 2. A competitive process is required. A minimum of three written quotations must be requested and documented. 3. In the event that the lowest bid is not selected, or if only one quote is received, grantees are required to document price reasonableness. 4. Grantees may use agency forms for Steps 2 and 3, or may use the following forms developed by the project for record keeping: *Request for Written Quotation*, *Determination of Price Reasonableness*.

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