

# Requirements of Grantees

## Audit & Finance Committee

Grantee organizations are required to maintain a finance committee and an independent audit committee of their board (the audit committee may also serve as the finance committee, as long as the roles of each committee are clearly understood and addressed by the joint committee.)

“Independent” is defined per the Sarbanes-Oxley Act as “not being part of management and not receiving any compensation, either directly or indirectly, from the company as a consultant for other professional services, although board services may be compensated.” Basically, paid staff cannot be a member of the audit committee. Although the staff cannot participate as a member of the audit committee, the committee can request staff assistance and presence at meetings to assist the committee in carrying out its role. The audit and/or finance committee must also have the opportunity to meet with staff and the outside auditors independent of management as they see fit. It is recommended that the audit committee be comprised of at least 3 members and that at least one member of the committee is a financial expert.

## Nondiscrimination

Art, Culture, and Entertainment, Inc. is committed to making the arts accessible to the physically and mentally challenged, the elderly, the culturally and the economically deprived, and to African-American, Hispanic, and other ethnic minorities. Art, Culture, and Entertainment, Inc. expect that the make-up of the staff, board, audience, artists, scientists, historians, etc., and volunteers involved with grantee organizations be inclusive of the diversity of the community and compatible with the organization’s mission.

As stated, applicant organizations must attest that they do not discriminate on the basis of age, race, color, religion, ancestry, national origin, handicap, sexual orientation, marital status, gender, or gender identity in any programs or activities (e.g., hiring practices, or board, audience, or volunteer participation, etc.).

They must also attest that they comply with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the Americans with Disabilities Act of 1990. Text from these laws is included in Appendix Three, as well as websites to find the full text.

## NEA Requirements

Grantees are required to abide by the National Endowment for the Arts’ stipulations (as required by the U.S. Department of Labor) regarding fair labor standards and drug-free workplaces.

***FOR MORE INFO: The National Endowment for the Arts has posted accessibility checklists and information on the Web at <http://www.arts.gov>.***

## **Contract**

Before receiving funds, the grantee must sign a contract setting forth conditions on the use of the funds and acknowledging the obligations assumed by an organization in accepting such funds.

## **Disbursement of Grant Funds**

The awarding of grants as proposed by the Standards & Allocations Committee is subject to approval by the Board of Directors of Art, Culture, and Entertainment, Inc. Grant awards and payments are made contingent upon the availability of funds, and upon the submission of reports required to date. These distributions will begin with the first month of Art, Culture, and Entertainment, Inc.'s fiscal year, October. They will be reconciled and adjusted, if necessary, at the fiscal year's end.

## **Reports**

Full reporting details are included in the grant contract. For **ACE Full Operating Grants**, a report is due annually (**Second Friday in November**) and require submission of the following documents: financial statements, board meeting minutes, any changes to application budget, and any changes of board and staff (final report also requires a narrative and proof of acknowledgment). *A grantee must also notify Art, Culture, and Entertainment, Inc. immediately, in writing, of any changes in its tax-exempt or public charity status, or any such changes proposed by the Internal Revenue Service.*

## **Record Keeping**

Grantees are required to maintain accurate, current, and complete records of all activities connected with the grant, and shall adhere to standard administrative and accounting practices. The grantee must maintain grant records for five (5) years from the date of the submission of the final report or from the date, in the case of an audit, when audit findings and recommendations are resolved, whichever is later. Any books, documents, papers, and records maintained to account for funds expended under the terms and conditions of the grant for the purpose of preparing an audit, examination, excerpts, and transcripts will be accessible to Art, Culture, and Entertainment, Inc., its trustees whose contractual arrangements with Art, Culture, and Entertainment, Inc. require the same access or any duly authorized representatives.

# **Application & Review**

## **Introduction to General Operating Support Grant Funding**

The Standards and Allocations Committee (S&A) Allocation is not based on a request amount but is an amount decided upon by the S&A during the yearly review of applications. This funding is subject to the amount of dollars in Art, Culture, and Entertainment, Inc. General Fund.

## **Disclaimer**

The financial need of an organization for grant funds is neither a criterion nor a consideration in the grant process outlined below.

## **Application Deadline**

The application must be completed and submitted **by the deadline noted on EACH of the two (Full vs Mini) grant information pages located at [acepensacola.org](http://acepensacola.org)** via ACE's online portal. An upload link will be provided to all eligible organizations that have submitted form A-1. No additional materials may be submitted after the deadline or via other methods (mail, fax, email, hand delivery, etc.) unless requested by Art, Culture, and Entertainment, Inc. We strongly recommend that you familiarize yourself with the granting process well in advance of the deadline. Applications submitted become the property of Art, Culture, and Entertainment, Inc. and may be distributed to the public as examples.

## **Initial Review**

Applications are first reviewed for completeness and forwarded to Standards & Allocations Committee members. ACE may contact applicants for additional materials.

## **Standards & Allocations Committee Review**

The Art, Culture, and Entertainment, Inc. Standards & Allocations Committee evaluates General Operating Support applications. This volunteer committee of seven (7) members and one (1) chair, comprised of a variety of professions and disciplines, will review each application based on the evaluation criteria within the narrative.

## **Evaluation Procedure**

Members of the Standards & Allocations Committee will review applications on an individual basis, and will tentatively score an organization on the basis of this initial review.

The Standards & Allocations Committee will meet as a group with representatives from each applicant organization at the announced time and place for an open review/update session. Applicants must have at least one representative but not more than two to attend the panel discussion. If an organization does not attend this meeting funding will not be considered.

Members of the Standards & Allocations Committee will use this opportunity to seek clarification of outstanding issues and to receive new and updated information pertinent to the current status and health of applicant organizations. Individual committee members' scores will be collected for a preliminary score. During the open review time period, Committee members are encouraged to attend performances or exhibitions held by the applicant organizations. An applicant organization must receive an **average** score of at least 75 points from the Committee in order to qualify for a General Operating Support Grant. **IN CALCULATING THE AVERAGE SCORE OF AN ORGANIZATION'S APPLICATION, THE COMMITTEE WILL DROP THE HIGHEST AND LOWEST SCORE TO ELIMINATE EXTREME VARIANCES AND HELP NORMALIZE THE AVERAGE.**

## **Funding Recommendation Factors**

The review by the Standards & Allocations Committee uses the following funding metrics to determine the S&A Allocation: **By Average Score**

## **Appeals Process**

To appeal a decision made by Art, Culture, and Entertainment, Inc., the applicant must express the concern in writing to the President within 30 days of receiving written notification of award. The amount or conditions of the grant may not be appealed unless the applicant can demonstrate a procedural problem, NOT a differing opinion of how well the applicant met the evaluation criteria. Incomplete or incorrect applications are specifically denied any appeals process. After consultation with the Chair of the Standards & Allocations Committee and the Executive Committee, the President will notify the applicant of the appeal decision. The decision of the Executive Committee is final. If Art, Culture, and Entertainment, Inc. change a funding decision as a result of an appeal, the timing of the payment of the funds shall be at the discretion of Art, Culture, and Entertainment, Inc. and contingent upon available funds.

# Appendix One

## Glossary (Budget Terms)

### Fiscal Year

A Fiscal Year is a 12-month period for which an organization plans the use of its funds: any accounting period of 12 months (Dictionary.com). A fiscal year is named by the year of the final month of the period, i.e. a fiscal year encompassing January 1, 2010, to December 31, 2010, would be named “the fiscal year 2010,” or “FY10.” A fiscal year encompassing October 1, 2010, to September 30, 2011, would be named “the fiscal year 2011,” or “FY11.” Art, Culture, and Entertainment, Inc. grants are named for the ACE fiscal year in which the grant year ends – the cycle of General Operating Support Grants spans October 1, to September 30, each year.

For the purposes of this application, each organization must present information on the application forms according to its own fiscal year.

### INCOME

**Earned Income<sup>1</sup>:** Earned Income consists of any payment or promise to pay that obligates you as an organization to provide some service or other value to the payer. It includes the following line items/categories:

- **Admissions/Memberships:** Revenue derived from the sales of admissions, tickets, subscriptions, memberships, etc., for events presented or sponsored by the applicant. In reference to memberships, you may apply to Earned Income only the portion that represents the value of goods and services received by the donor. The remaining portion may then be reported as a charitable contribution or Contributed Income (inline item for Corporate or Other Private Support).
- **Contracted Services Revenue:** Revenue derived from fees earned through the sale of services. Include educational contract services, sale of workshops, government contracts for specific services, performance or residency fees, tuition, etc. Include your public school service revenues here.
- **Corporate Sponsorships:** Revenue consists of quid pro quo support where the donor receives tangible returns for the donation, such as media exposure or other substantive recognition.
- **Other Revenue:** Revenue derived from sources other than those listed above. Include catalog sales, advertising space in programs, gift shop income, concessions, parking, investment income, etc.

**Contributed Income<sup>1</sup>:** Contributed income reflects payments or promises to pay in which the payer voluntarily provides resources yet receives nominal tangible value in return. It includes the following items/categories (do not include gifts-in-kind in these amounts):

- Government Support-Federal: Cash support derived from grants or appropriations by agencies of the federal government.
- Government Support-State: Cash support derived from grants or appropriations by agencies of the state government and/or multi-state consortia of state agencies.
- Government Support-Local: Cash support derived from grants, appropriations, and/or sponsorships given by the city, county, in-state regional, and other local government agencies. This includes, but is not limited to direct and indirect funding from city council discretionary funds, county commissioners discretionary funds, law enforcement trust fund (LET Funds), ESP, and/or Visit Pensacola.
- Corporate Support (Contributions): Contributions and grants given by businesses, corporations, and corporate foundations.
- Foundation Support: Contributions and grants given by public or private foundations other than those affiliated with and facilitating corporate support.
- Other Private Support: Contributions derived from cash contributions from individuals and NET proceeds from fundraising events. Do not include corporate, foundation, or government contributions and grants.
- Art, Culture, and Entertainment, Inc.: Include the full amount of your Total Art, Culture, and Entertainment, Inc. General Operating Support Grant.

**In-Kind Gifts<sup>1</sup>:** In-kind gifts represent goods and/or services that you may use or sell in the accomplishment of the organization's mission. This amount is capped at 25% of the grant request amount. These may include:

- Goods: Gifts of inventory, materials, equipment or property that can be used by the organization. This could include items that contributed to a collection.
- Services: Services can consist of two primary categories – personal services and professional services.
  - Personal services: These services create or enhance non-financial assets, but do not require a specialized skill that would typically need to be purchased if they were not provided by donation. Volunteer hours under this category should be valued at minimum wage.
  - Professional services: These services create or enhance non-financial assets, and require a specialized skill that would typically need to be purchased if they were not provided by donation. Such services include media and advertising, and skills provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen. Volunteer hours under this category should be valued at the typical wage for the service.

## **EXPENSES**

**Personnel-Administrative:** Payments for salaries, wages, fees, and benefits for executive and supervisory administrative staff, program directors, educational administrators, managing directors, business managers, press and agents, fundraisers, clerical staff such as secretaries, typists, bookkeepers, and support personnel such as maintenance and security staff, ushers, and other front-of-the-house and box office personnel.

**Personnel-Artistic/Programmatic:** Payments for salaries, wages, fees, and benefits specifically identified with artistic directors, directors, conductors, conservators, curators, dance masters, composers, choreographers, designers, video artists, filmmakers, painters, poets, authors, sculptors, graphic artists, actors, dancers, singers, musicians, teachers, instructors, puppeteers, etc.

**Personnel-Technical/Production:** Payments for employee salaries, wages, and benefits specifically identified for technical management and staff, such as technical directors, wardrobe, lighting and sound crew, stage managers, stagehands, video and film technicians, exhibit preparators and installers, etc.

**Outside Artistic/Programmatic Fees and Services:** Payments to firms or persons for the artistic services of individuals who are not normally considered employees of the applicant, but consultants or the employees of other organizations. Include artistic directors, directors, conductors, conservators, curators, dance masters, composers, choreographers, designers, video artists, filmmakers, painters, poets, authors, sculptors, graphic artists, actors, dancers, singers, musicians, teachers, instructors, etc., serving in non-employee/non-staff capacities.

**Outside Other Fees and Services:** Payments to firms or persons for non-artistic services of individuals who are not normally considered employees of the applicant, but consultants or the employees of other organizations, whose services are used by the applicant.

**Space Rental/Occupancy:** Payments for a mortgage and/or rental of office, rehearsal, theater, hall, gallery, and other such spaces, as well as applicable costs of electricity, telephone, repairs, and maintenance, storage, etc.

**Travel:** All costs for travel directly related to the travel of an individual or individuals working for the applicant. Include fares, hotel, and other lodging expenses, food, taxis, gratuities, per-diem payments, toll charges, mileage, allowances on personal vehicles, car rental costs, etc. For transportation not connected with the travel of personnel (e.g., trucking, shipping, hauling expenses, etc.) see "Remaining Operating Expenses."

**Marketing:** All costs for marketing/publicity/promotion of the applicant organization. Do not include payments to individuals or firms that belong under “Personnel,” or “Outside Professional Services.” Include costs of newspaper, radio, and television advertising, printing, and mailing of brochures, flyers, and posters, and space rental when directly connected to the promotion, publicity, or advertising.

**Remaining Operating Expenses:** All expenses not entered in other categories. Include scripts and scores, postage, photographic supplies, publication purchases, sets and props, equipment rental, insurance fees, trucking, shipping, and hauling expenses not entered under “Travel.”

**Depreciation:** The decrease in value of an asset over time: A non-cash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence.

# Appendix Two

## Government Statutes for Compliance

The following are partial texts of the government statutes with which applicants are required to comply. YOU MUST REFER TO THE COMPLETE TEXT TO ENSURE COMPLIANCE.

### Florida Statutes

(Complete texts can be found at: <http://www.flsenate.gov/Statutes/index.cfm>)

### **Title XXXVI, Business Organizations; Chapter 617, Corporations Not for Profit Otherwise known as the "Florida Not For Profit Corporation Act."**

Includes information on process of incorporation, required documents (e.g., articles of incorporation, bylaws), required board of directors, required annual reports, etc.

#### **617.0128 Certificate of status.**

1. Anyone may apply to the Department of State to furnish a certificate of status for a domestic corporation or a certificate of authorization for a foreign corporation.
2. A certificate of status or authorization sets forth:
  - (a) The domestic corporation's corporate name or the foreign corporation's corporate name used in this state;
  - (b)1. That the domestic corporation is duly incorporated under the law of this state and the date of its incorporation, or
  2. That the foreign corporation is authorized to conduct its affairs in this state;
  - (c) That all fees and penalties owed to the department have been paid, if:
    1. Payment is reflected in the records of the department, and
    2. Nonpayment affects the existence or authorization of the domestic or foreign corporation;
  - (d) That its most recent annual report required by s. 617.1622 has been delivered to the department; and
  - (e) That articles of dissolution have not been filed.
3. Subject to any qualification stated in the certificate, a certificate of status or authorization issued by the department may be relied upon as conclusive evidence that the domestic or foreign corporation is in existence or is authorized to conduct its affairs in this state.

#### **617.0203 Incorporation.**

(1) Unless a delayed effective date is specified, the corporate existence begins when the articles of incorporation are filed or on a date specified in the articles of incorporation, if such date is within 5 business days prior to the date of filing.

**617.0206 Bylaws.**

The initial bylaws of a corporation shall be adopted by its board of directors. The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation or the bylaws. The bylaws may contain any provision for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

**617.0801 Requirement for and duties of board of directors.**

All corporate powers must be exercised by or under the authority of, and the affairs of the corporation managed under the direction of, its board of directors, subject to any limitation set forth in the articles of incorporation.

**617.1622 Annual report for Department of State.**

(1) Each domestic and each foreign corporation authorized to conduct its affairs in this state shall deliver to the Department of State for filing a sworn annual report, on such form as the Department of State prescribes...

## **Federal Statutes**

(Complete texts can be found at: <http://www.dol.gov/oasam/programs/crc/statutes.htm>)

**Title VI, Civil Rights Act of 1964**

Title VI prohibits discrimination on the basis of race, color, or national origin in programs and activities that receive federal financial assistance.

**Title IX, Education Amendments of 1972**

Title IX of the Education Amendments of 1972 prohibits discrimination on the basis of sex in educational programs and activities that receive federal financial assistance.

**Section 504, Rehabilitation Act of 1973**

Prohibits discrimination on the basis of disability in programs and activities that receive federal financial assistance and in federally conducted programs.

**Age Discrimination Act of 1975**

Prohibits discrimination on the basis of age in programs and activities receiving federal financial assistance.

**Americans with Disabilities Act of 1990**

<http://www.dol.gov/odep/archives/fact/ada92fs.htm>

## **Employment Requirements**

- Have non-discriminatory application procedures, qualification standards, and selection criteria and in all other terms and conditions of employment.
- Make reasonable accommodation to the known limitations of a qualified applicant or employee unless to do so would cause an undue hardship.

## **Public Accommodations**

- Assure that criteria for eligibility of services do not discriminate. Auxiliary aids and services are required unless they result in an undue burden or fundamentally alter the nature of the goods or services.
- Remove barriers from existing facilities when such removal is readily achievable. If not, alternative methods of making goods and services available must be provided.
- Make altered facilities accessible to the maximum extent feasible. In major structural renovations, a path of travel to the altered area, including restrooms and other services, must be accessible.
- New facilities must be accessible. Generally, other than health-care facilities and multilevel shopping malls, elevators need not be provided in buildings with less than three floors, or less than 3,000 square feet per floor.

*Examples include: physical access such as ramps, elevators, restrooms, parking; communications access such as sign language, assistive listening devices, TDD/TTY, audio description, Braille, large print*