Participation Requirements for Non-501(c)(3) Nonprofit Organizations

Eligibility Requirements

In addition to 501(c)(3) organizations, the following types of nonprofit organizations are eligible to apply for community grants and participate in SC Give.

- 501(c)(8) – Fraternal Beneficiary Societies and Associations (i.e., Stillaguamish Grange)
- 501(c)(19) – Post or Organization of Past or Present Members of the Armed Forces (i.e., American Legion)

Funds must be used for projects that directly benefit the Stanwood-Camano community.

Because the above organizations are not 501(c)(3) or public agencies, the IRS mandates a separate procedure be followed known as Expenditure Responsibility. The purpose of this ruling is to ensure that grant funds are spent solely for the purpose for which they were made. There are several requirements on the part of the grant recipient (grantee) that are associated with the Expenditure Responsibility requirement.

Grantee Expenditure Responsibilities

Pre-Grant Inquiry

This procedure requires a due diligence process that is designed to ensure the grant is used for a charitable purpose and that the awarding organization (SCAF) maintains appropriate oversight and documentation.

Grantee must provide:
- Evidence of legal status
- List of directors and officers
- Most recent financial statements (balance sheet and profit & loss)
**Written Agreement**

There must be a written agreement in place signed by a designated officer or director.

Agreement must include:

- Agreement by grantee to repay any portion of the grant not used for the purpose of the grant.
- Requirement to submit an annual report after the close of the Grantee’s annual accounting period on how funds were spent, progress on accomplishing the purpose of grant, and compliance with terms.
- Agreement by Grantee to maintain a record of receipts and expenditures.
- Provision that no grant funds be used for lobbying, influencing elections, regranting to individuals, or for any purpose other than charitable.

**Separate Account**

- Grantee must maintain grant funds in a separate account dedicated for charitable purposes.
- Grantee cannot commingle charitable and non-charitable funds, but can commingle funds for different charitable projects in the same charitable account.
- Charitable funds must be shown separately in accounting records.
- Grantee must maintain accounting records for at least four years after completion of the use of the grant funds and make them available to SCAF for examination upon request.

**Annual Reporting**

Reports must be submitted by the Grantee within three months after the close of the Grantee’s annual accounting period. Grantee must provide reports on:

- The use of the funds
- Compliance with the terms of the grant
- Progress made toward achieving the purpose of the grant

Reports must be submitted annually until all grant funds are expended. The final report must include reporting on all expenditures, as well as progress made toward accomplishing the goals of the grant.