

## **Financial Partners Policy**

*The policy framework below is adopted by Council to provide guidance and expectations for the annual Financial Partner process. Each year during the budget development process, staff will conduct an application process(s) for general fund discretionary funded partners that is consistent with the criteria set forth below.*

### **Policy**

This policy sets the criteria framework that will be used each year as city staff conduct an application notification, acceptance, and review process for City Council's consideration of General Fund Discretionary Financial Partners through the annual budget development process.

On an annual basis the City of Charlotte typically partners with agencies through contracts to provide specific services that extend the city's capacity to address strategic priorities and concerns of the community, such as:

- Partnerships that support and advance Charlotte City Council's strategic priorities, which currently are:
  - Workforce and Business Development;
  - Safe Communities;
  - Well-managed Government, with a focus on Equity, Engagement and the Environment;
  - Great Neighborhoods; and Transportation, Planning, and
- Partnerships that contribute to community enrichment.

### **Eligibility**

In order to be eligible for funding, organizations must have an active non-profit designation and provide programs or services that advance City Council's Strategic Priorities.

- Organizations that are actively seeking non-profit designation may apply. Non-profit designation must be received prior to finalizing financial partner contract.
- Requested funding should not total more than 30 percent of the agency's overall budget.
- Funding request must be for programming and/or one-time expenses.

### **General Fund Discretionary Financial Partner Contracts**

- Annually an application period is opened for organizations to apply for funding.
- During the budget development process, City Council reviews packet compiled by staff of applicable materials submitted by the applicants. Staff will assess the proposals based on alignment of the requested funding with advancing Council's Strategic Priorities and current community needs, and in consideration of previous performance of the agency as applicable.

- Based on Council's feedback, the City Manager includes initial funding recommendations within the proposed budget
- City Council determines which organizations are funded for the fiscal year.
  - Organizations submit funding requests during the application process; however, Council may adjust this amount at Council's discretion.
- For any organization not selected to receive funding through the Financial Partners process, staff will follow up with organizations to help identify opportunities for capacity-building where needed.

### **Term**

Financial Partner funding is approved for one-year terms. Applicants must apply each year for consideration of funding as part of the annual budget development process for the upcoming fiscal year.

No General Fund Discretionary Financial Partners will be funded for more than five consecutive years through the Financial Partners process. For any general discretionary funded partners that have received financial partners funding for five consecutive years, a determination will be made if an on-going service contract is appropriate.

### **Payments**

- Contract payments will be paid quarterly
- Payments may be delayed until all reporting requirements are met

### **Reporting Requirements**

In order to demonstrate progress toward the goals and objectives proposed within the organizations' financial partners application and to ensure accountability in the use of public funds, several reporting requirements will be included within the contracts of funded partners.

- **Performance Measures**
  - Established in partnership with staff to ensure alignment with council's strategic priorities
  - Reported on at mid-year and year-end, progress assessed by staff
  - Payments may be delayed until progress toward performance deliverables is confirmed
- **CBI-Certified MWBE Utilization**
  - Goals established in partnership with CBI at start of contract year
  - Ensures selected organizations support competition and participation of Minority, Women, and Small Business Enterprises (MWBEs) in city contracting
  - Reported on quarterly, progress assessed by staff
- **Equity Measures**
  - Organizations identify target populations that their programming supports

- Ensure partners support the city's efforts to address systemic and community barriers that limit opportunities for Charlotte's vulnerable communities
- Reported on at mid-year and year-end, progress assessed by staff

▪ **Financial Reporting**

~~Partner organizations with gross receipts greater than \$100K require a financial audit completed by a Certified Public Accountant (CPA), under \$100K will require a 2-year comparative financial statements that includes:~~

- ~~○ Statement of cash flows~~
- ~~○ Profit and Loss statement~~
- ~~○ Balance sheet~~

Partner organizations will be required to provide financial statements in accordance with the following guidelines:

- Organizations with gross receipts greater than \$500,000 require a full financial audit completed by a Certified Public Account (CPA)
- Organizations with gross receipts of \$100,000 up to \$500,000 require an Independent Financial Review completed by a CPA or an accounting professional
- Organizations with gross receipts less than \$100,000 require 2-year comparative financial statements that include:
  1. Statement of cash flows,
  2. Profit and loss statements, and
  3. Balance sheet.

**Effective Date**

This policy will go into effect upon adoption. The maximum five consecutive year limit will start with FY 2026 being year one.