DUE DILIGENCE POLICY

CENTRAL KANSAS COMMUNITY FOUNDATION
For Grants and Scholarships Administration and Compliance Oversight

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Introduction and Purpose

Hereinafter Central Kansas Community Foundation and affiliates are referred to as "Foundation". The Foundation is committed to responsible stewardship of charitable assets and the administration of grants and scholarships in accordance with applicable law, donor intent, Foundation policy, and recognized philanthropic standards. CKCF participates in the National Standards for U.S. Community Foundations program and aligns its practices with guidance from the Council on Foundations and the Kansas Association of Community Foundations.

This Due Diligence Policy establishes standards for grantmaking, scholarship administration, eligibility review, documentation, internal controls, and oversight. This policy applies to the Foundation, staff, fund advisors, board members, committees, volunteers, reviewers, and others involved in grant or scholarship processes.

The purpose of this policy is to:

1. Honor donor intent consistent with original fund agreement.
2. Use charitable assets solely for charitable purposes.
3. Maintain fair, objective, and documented review processes.
4. Apply consistent due diligence standards.

5. Protect confidentiality.
6. Identify and manage conflicts of interest.
7. Preserve public trust.

General Grantmaking Guidelines

The Foundation shall use charitable assets solely for purposes permitted under Section 501(c)(3) of the Internal Revenue Code and applicable law.

Permitted charitable purposes include, but are not limited to:

1. Charitable relief and assistance to those in need
2. Advancement of education, religion, or science
3. Public safety and community improvement
4. Lessening the burdens of government
5. Eliminating prejudice and discrimination
6. Combating community deterioration or juvenile delinquency
7. Other recognized charitable purposes consistent with federal law

All grants must also be consistent with donor intent, fund restrictions, and Foundation policy. Grants may not provide more than an incidental private benefit to any individual, business, or non-charitable interest.

Eligible Recipients

The Foundation may make grants or charitable disbursements to:

1. Qualified 501(c)(3) public charitable organizations
2. Governmental entities, including cities, counties, townships, and similar public bodies
3. Religious organizations or churches
4. Educational institutions

A domestic host must be utilized to grant out of the United States for foreign organizations.

Permissible Grant Types

The Foundation grantmaking may include:

1. Designated grants
2. Competitive grants and scholarships
3. Discretionary grants
4. Community disaster response grants

Due Diligence and Documentation

Before disbursement, the Program Officer(s) confirms each grant is legally permissible, charitable in nature, consistent with donor intent, and properly documented. Additional review or expenditure responsibility may be required based on risk.

Designated Grants

Designated grants represent a substantial portion of CKCF's grantmaking. These funds are established with donor intent to support specific charitable organizations, causes, programs, projects, scholarships, or community needs through annual distributions. Fund Advisors may submit distribution recommendations, or funds may be established for automatic annual distributions in accordance with the fund agreement.

CKCF staff conducts due diligence to verify eligibility, charitable status, and alignment with donor intent prior to distribution.

Competitive Grants

The Program Officer establishes the annual competitive grant calendar. Applications shall be submitted through the Foundation's approved online grants portal.

Applicants may be required to submit an application, budget, narrative, mission statement, project purpose, and supporting documentation, including IRS determination letters, financial statements, quotes, bids, project timelines, board lists, or other materials requested by the Foundation.

Competitive applications shall be reviewed and scored by an approved Review Committee using the Foundation's established rubric and scoring criteria. Prior to participation, all reviewers must complete required confidentiality and conflict of interest disclosures. Any reviewer with a material conflict of interest shall recuse themselves from the review and scoring of the application.

Funding recommendations shall be made in descending score order based on the Review Committee's averaged application scores and are contingent upon approval by the Foundation Board of Directors.

Discretionary Grants

Discretionary grants may be awarded to address an immediate community need or Foundation strategic priority, using unrestricted funds or eligible field-of-interest funds. All grants are subject to review by the Programs Officer, or the Foundation Board of Directors, to ensure appropriate due diligence.

Community Disaster Response Grants

The Community Response Fund supports short and long-term recovery efforts for a local community-wide response event. Grants from this expendable fund are only awarded to eligible service providers who possess a 501(c)(3) status under the Internal Revenue Service code; are exempt under statute (i.e. educational institution, institutions of faith, a city or county government); or are formally linked to an organization with such designation. Grant awards made from this fund will be routed to service providers engaging in direct response, service, education and support.

Grant Agreements, Reports, and Disbursements

1. Grant recommendations are subject to the applicable approval authority, procedures, and governance requirements established by the Foundation for the fund or grant program.
2. The Foundation may require a signed grant agreement, award letter, or other documentation before funds are released. Unless otherwise stated, signed grant agreements are due within 10 calendar days of award notice. Payments may be processed only after final approval and receipt of all required documentation.
3. The Foundation may withhold, delay, suspend, or cancel payment if grant terms, documentation requirements, or other conditions are not satisfied.
4. Grant impact reports are due upon completion of the funded project or program or by the due date stated in the award notice, whichever occurs first. Recipients who are unable to meet the deadline must promptly notify the Program Officer upon becoming aware of the delay. Extensions may be granted at the Foundation's discretion. Any unused funds may be required to be returned to the Foundation. Failure to comply may affect future eligibility.

General Scholarship Guidelines

Purpose
Scholarship grants shall:
1. Support students enrolled in qualified postsecondary educational institutions.
2. Be used only for qualified educational expenses including, but not limited to, tuition, fees, and required supplies, cost of attendance, room and board.
3. Be paid directly to the educational institution for benefit of recipient.
4. Align with donor intent and applicable fund agreements.

Additional eligibility or selection criteria may be established by the fund agreement and may include academic performance, financial need, course of study, or geographic considerations.

Blinded Scholarship Review Process
Applicant names and other personal identifiers are removed, by the Program Officer, from materials evaluated by the scholarship review committee. See Blinded Scholarship Application Review Policy for more information.

Ineligible Recipients
The Foundation shall not award scholarships to the following:
1. Any Foundation Board of Directors member
2. The Foundation staff
3. Substantial contributors

Prohibited or Restricted Use
The Foundation shall not award scholarships that are inconsistent with applicable charitable

purpose requirements. Prohibited or restricted practices generally include:

1. Deferring an award beyond the intended academic term or award period, including required verification documents, recipient no longer meets scholarship qualification outlined, recipient will be serving in the national guard or military, recipient is placed on academic or disciplinary probation, recipient does not enroll full-time.
2. Awarding scholarships to related parties when prohibited under the funding source and applicable rules, including:
    a) Funds that are fully donor-funded or established through a trust.
    b) Funds funded 50% or more by related persons~~.~~
    c) Funds funded primarily by unrelated persons: related persons may be eligible only after annual review and documentation

Funding Determination

Funding recommendations shall:

1. Be based on merit review and approved scoring criteria
2. Follow a consistent and documented evaluation process
3. Generally, be awarded in descending score order within available funding
4. Align with due diligence requirements, donor intent, fund restrictions, and grant guidelines
5. Are subject to approval by the Foundation Board of Directors

Grants and Scholarships Governance and Oversight

1. Grants and scholarships that do not meet the Foundation's Spending Policy requirements are restricted from distribution until compliance thresholds are restored.
2. Grant and scholarship records shall be maintained in accordance with the Foundation's retention practices and legal requirements.
3. The Foundation Board of Directors retains ultimate fiduciary oversight of Foundation assets, policies, and delegated grantmaking authority.
4. This policy may be amended by the Foundation Board of Directors. Any revisions shall be effective upon the Foundation board approval and supersede prior due diligence policies.
5. The Foundation shall verify the legal and tax status of organizations prior to grant and scholarship approval.
6. The Foundation verifies tax exempt status, and public charity status. Additional documentation may be required. Organizations may be required to provide an IRS determination letter or other satisfactory evidence of Section 501(c)(3) status.

General Guidelines for Individual Achievement Awards

The Foundation may administer funds that provide grants to individuals in the following categories:

1. **Individual Achievement Grants**
   These grants are awarded in recognition of achievement in the fields of art, literature, education, science, public or community service, or other charitable or civic

accomplishments. These awards are not intended to fund specific activities and do not impose any conditions on how recipients use the funds.

2. **Awards to Achieve a Specific Objective**
   These grants are awarded to individuals to accomplish a defined purpose, such as completing a project, producing a report, or enhancing skills or talents in areas aligned with the Foundation's mission. Eligible recipients may include graduate students, scholars, professionals, and others with specialized knowledge or skills. Awards may also be provided to support a course of study leading to a certificate or skill attainment, including payment of tuition and related expenses.

Compliance

Individual achievement grants awarded directly to an individual shall be reported on Form 1099, as they constitute income to the recipient.

The Foundation maintains procedures governing the awarding of Individual Achievement Grants and Awards to Achieve a Specific Objective in cases where donor advisors have advisory privileges or participate in the selection of recipients. These procedures are designed to ensure compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, related Treasury Regulations, and Internal Revenue Service guidance. The procedures may be amended as necessary.

Appendix A: Grant Examples

Examples of other grants that fall within these general grantmaking

1. Public recreational facilities that are open and accessible to the entire community
2. Library enhancements that would not otherwise be supported through local taxes
3. Health care and wellness facilities and programs that serve the general public
4. Fire and rescue equipment and training
5. Support for community events such as parades or festivals open to the public, pursuant to the Foundation Event Policy and Exclusions
6. Streetscape improvements that increase safety and enhance the physical environment
7. Arts events and performances that are open and accessible to the public
8. Human service programs for the underprivileged, such as food pantries, meal on wheels, holiday gift programs, transitional shelter, and rehabilitation
9. After school programs that offer educational and recreational opportunities
10. Faith-based institutions providing programs that serve the general public

Examples of "strategic" grants that address long-term community building

1. K-12 education enhancements, such as curriculum that connects students to their local community.
2. Support for vocational, fine arts, and entrepreneurship education to prepare youth for careers in their hometown
3. Grants to support and retain good teachers with additional education and enrichments resources

4. Sponsorship of leadership training for a broad base of community members to build skills in strategic planning, conflict resolution, delegation, and leadership transition
5. Sponsorship of education events that increase awareness and encourage community dialogue about community issues and opportunities
6. Funding HomeTown Competitiveness (or similar) activities
7. Funding to bring entrepreneurship, business, and marketing training to your community
8. Support for youth entrepreneurship programs such as 4-H
9. Investments in licensed, high-quality childcare centers operated by501(c)(3) organizations (including churches)
10. Provisions of scholarships to non-traditional students whose increased skills and education will benefit the community
11. Provisions of scholarships to students with an interest in returning to the community (exception, DAFs cannot fund scholarships)
12. Support for mentoring program such as Big Brothers/Big Sisters
13. Support for programs such as FBLA, FFA, and 4-H

Loan Programs
Charitable loan programs, also known as Impact Investing, may be considered on a case-by-case basis when they further a charitable purpose. Loans must include documented due diligence, reasonable repayment expectations, appropriate security when warranted, and terms reflecting charitable intent rather than commercial lending. The Foundation would activate an Impact Investing program if and when this opportunity arises.

Appendix B: IRC 501(c) Organization Type Reference Table

Many organizations may be tax-exempt but are not recognized charitable organizations under Section 501(c)(3). Grants to such organizations may be made only for a specific charitable purpose and may require Expenditure Responsibility review and documentation. See table below.

Types of Organizations	**Exempt under Section 501**
Chamber of Commerce	501(c)(6)
Membership Clubs (golf or recreation)	501(c)(7)
Cemetery Associations	501(c)(13)
Armed services organizations (VFW, American Legion, etc.)	501(c)(19)