

PENN TREATY SPECIAL SERVICES DISTRICT

GRANT and SPONSORSHIP POLICY

ADOPTED BY THE BOARD OF DIRECTORS ON October 21, 2014

1. Authority to Make Grants.

The making of grants and contributions and otherwise rendering financial assistance to further the Penn Treaty Special Service District's (SSD's) tax-exempt charitable or educational purposes shall be within the exclusive power of the Board of Directors. In furtherance of the SSD's tax-exempt charitable or educational purposes and subject to the SSD's Articles of Incorporation, the Board shall have power to make grants to any organization organized and operated exclusively for charitable or educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue Law (the "Code") in accordance with this Policy.

For purposes of this Policy, the term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; lessening neighborhood tensions; eliminating prejudice and discrimination; and combating community deterioration and juvenile delinquency. The term educational includes the instruction or training of the individual for the purpose of improving or developing his or her capabilities.

2. Geographic Focus.

The SSD provides philanthropic financial support to benefit the following Philadelphia, PA neighborhoods: Fishtown, Kensington South, Northern Liberties, and Old Richmond.

The boundaries of the SSD are as follows:

1. Commencing at the center of the intersection of N. 6th Street and Callowhill Street;
2. Thence continuing north along 6th Street to the center of the intersection of N. 6th and West Girard Avenue;
3. Thence continuing east along West Girard Avenue to the center of the intersection of West Girard Avenue and Germantown Avenue;
4. Thence continuing northwest along Germantown Avenue to the center of the intersection of Berks Street and Germantown Avenue;
5. Thence continuing west along Berks Street to the center of the intersection of Berks Street and 6th Street;

6. Thence continuing north along N. 6th Street to the center of the intersection of N. 6th Street and Norris Street;
7. Thence continuing east along Norris Street to the center of the intersection of Norris Street and Frankford Avenue;
8. Thence continuing northeast along Frankford Avenue to the center of the intersection of Frankford Avenue and Lehigh Avenue;
9. Thence continuing southeast along Lehigh Avenue and further continuing in the line of Lehigh Avenue to the Delaware River;
10. Thence continuing southwest along the Philadelphia side of the Delaware River to the line of Callowhill Street; and
11. Thence continuing west along the line of Callowhill Street to the foot of Callowhill Street and further continuing along Callowhill to the point and place of beginning at the center of the intersection of Callowhill Street and N. 6th Street.

3. Grants and Sponsorships.

Grants and sponsorships are both a form of contribution by the SSD under applicable federal tax law. When used in this Policy, “grant” refers both to grants and sponsorships. The Board may adopt additional grant guidelines and procedures to distinguish between grants and sponsorships to supplement this Policy.

4. Grant Procedures.

Requests for grants must be submitted in writing and specify the use of the grant. The Board shall review all requests for grants and, if the Board approves the request, shall authorize payment of the grant to the approved grantee. The Board shall require all grantees to account to the Board and show that the funds were expended for the purposes which were approved by the Board within the timeframe described in a written grant agreement signed by the grantee. Extensions for reporting may be granted by written request and at the Board’s discretion. The Board may, in its absolute discretion, refuse to make any grants or contributions or otherwise render financial assistance to or for any or all the purposes for which grants are requested.

5. Grants to Individuals.

The SSD does not make grants to individuals.

6. Grants to Section 501(c)(3) Public Charities.

The SSD may make grants to section 501(c)(3) public charities that are described in section 509(a)(1), 509(a)(2), or 509(a)(3) (except as otherwise provided below) of the Code upon receipt by the SSD of satisfactory evidence of the grantee's tax-exempt and public charity status (IRS Determination Letter) and written assurance that the grant will be used only in furtherance of the grantee's tax-exempt charitable or educational purposes and not for any purpose that is inconsistent with, or that would adversely affect, the SSD's status as an organization described in section 501(c)(3) of the Code. The SSD shall not make grants to Type III supporting organizations described in section 509(a)(3) of the Code.

7. Grants to Private Foundations.

The SSD shall not make grants to section 501(c)(3) private foundations.

8. Special Purpose Grants to Non-Section 501(c)(3) Organizations.

The SSD may make special purpose grants to non-section 501(c)(3) organizations but only where such grants fulfill the SSD's tax-exempt charitable or educational purposes and only upon receipt by the SSD of an executed grant agreement satisfactory in form to the SSD and that meets requirements promulgated by the Internal Revenue Service for special purpose grants to non-section 501(c)(3) organizations. The SSD shall not make general support grants to non-section 501(c)(3) organizations.

Because of the requirement to make grants only for tax-exempt purposes, the IRS regulations provide that a private foundation (like the SSD) cannot make a grant to a non-501(c)(3) organization unless: (1) the making of the grant constitutes a direct charitable act (meaning the grantee uses the funds directly to conduct a charitable function and does not re-grant the funds); or (2) the grantor is reasonably assured that the grant will be used exclusively for 501(c)(3) tax-exempt purposes. The IRS regulations state that the grantor can obtain this assurance if the grantor: (a) exercises expenditure responsibility; and (b) requires a non-501(c)(3) grantee to maintain the grant funds in a separate account.

9. Grant Supervision.

The SSD shall document all grants in a written agreement signed by the grantee. The SSD requires written Progress Reports from grantees as described in the grant agreements.

The SSD has the responsibility to follow the progress of its grants, that is, to review reports submitted by the grantee, to make a determination as to whether the grant purposes are being or have been fulfilled, and to look into any questions requiring further scrutiny or investigation. Where reports to the SSD or other information (including failure to submit reports after 1 year per the signed grant agreement and without obtaining a reporting extension) indicates that any grant funds are not being used for the purposes of the grant, the SSD shall take all reasonable and appropriate steps to obtain Final Progress Reports. The SSD shall withhold further payments to the extent possible until it has determined that no part of the grant has been used for improper purposes and until any delinquent reports have been submitted.

If the SSD determines that any part of a grant has been used for improper purposes, the SSD shall take all reasonable and appropriate steps to recover diverted grant funds or to insure the restoration of diverted funds and the dedication of other grant funds held by the grantee to the purposes being financed by the grant. These steps may include legal action unless such action would in all probability not result in the satisfaction of execution of a judgment.

If the SSD determines that any part of the grant has been used for improper purposes, the SSD may, in its absolute discretion, terminate the grant. If the SSD elects not to terminate the grant, and the grantee has not previously diverted grant funds to any use not in furtherance of a purpose specified in the grant, the SSD shall withhold further payments on the particular grant until (a) it has received the grantee's assurances that future diversions will not occur, (b) any delinquent reports have been submitted, and (c) it has required the grantee to take extraordinary precaution to prevent future diversions from occurring. If the SSD elects not to terminate the grant, and the grantee has previously diverted SSD grant funds, the SSD shall withhold further payment until the three conditions of the preceding sentence are met and the diverted funds are in fact recovered or restored.

10. Unused Funds.

The SSD shall require grantees to reimburse the SSD for any unused funds left left over after the project described in the grant agreement has been completed. Reimbursement must be made within the time-frame specified in the grant agreement.