

## Command Council

### Information Paper Regarding Grants August 2022

#### Intro

While grants are an attractive form of funding, they frequently come with specific requirements that the recipient must follow. Such requirements can apply to the general operations of the grant, specific compliance rules, monitoring of other parties that may receive resources from the grants, specific time frame, and specialized reporting requirements. There are typically negative consequences for failing to meet grant requirements, and in addition, grants may as a condition of the grant itself commit the recipient to financially maintaining a program or asset after the expiration of the grant.

In addition, Civil Air Patrol's unique position of being both the USAF Auxiliary and a national nonprofit creates complexity for local units, Wings, or Regions to seek funds beyond the local level. This requires that Federal grants and at times, federal funds which pass through to States and other entities be tied to our cooperative agreement and included in our auditing process.

Finally, seeking grant funding for missions, programs, activities, and equipment which are already funded by appropriated dollars is not allowed. In many cases, purchases with private grant dollars must be properly vetted to meet the regulations and incorporation into the CAP environment.

This paper addresses the recommended process for seeking future grants and provides guidance from staff as it relates to associated processes and procedures to maximize the benefits and minimize the risks. The paper also summarizes why alternative funding strategies, such as State appropriations and MOUs and other fundraising activities may be a better approach rather than seeking a grant.

#### Process

**Grants identification and application** - Units seeking a grant must provide adequate (30-days) advance notice to CAP's grant review committee, comprised of CAP's Financial Management (FM), General Counsel (GC), Development (DEV), and Government Relations (GVR) staff, by submitting the form at [www.gocivilairpatrol.com/fieldfr](http://www.gocivilairpatrol.com/fieldfr) or contact [grants@gocivilairpatrol.org](mailto:grants@gocivilairpatrol.org) so that the effects of the proposal, for example, eligibility, budget, cash flow, procurement requirements, financial *and* performance reporting, or compliance requirements can be reviewed and understood beforehand.

**Administrative and operational support.** To approve a grant application, the grant review committee needs a detailed understanding of grant terms and conditions, how the grant will be managed and by whom, how the grant will be monitored and sustainment plans after the grant timeframe is completed.

Examples of what the grant committee will expect:

- A project plan that would include how new programs or activities funded by the grant would be implemented and who would be responsible for implementation.
- Identify the individual/department responsible for carrying out the grant and making sure that proper resources are available to support that grant. If a Wing Administrator's time is required, what % of time is needed, as well as source of payment for the Wing Administrator's time. It

should be noted that some grants do not include administrative costs. If the grant administration is unable to be supported financially, then the grant approval may be denied.

- The system/process that will be used to charge expenses against the grant and to obtain reimbursement. This might require both technical procedures to account for time, materials, and reporting, as well as training so that everyone fully understands the importance of charging time and materials correctly.
- Any required insurance coverage, certifications, agreements and/or other terms and conditions for acceptance of the grant.
- Sustainment costs including operating and maintenance for assets which may be acquired. Disposal plan for assets after their usefulness for CAP purposes.

An understanding if there is a resource conflict between funding sources, Civil Air Patrol's mission priority is Air Force, DoD, other federal agencies, and finally corporate missions. Grantors must also understand that performance under the grant receives no priority if federal funded assets are to be used.

**Strategic alignment.** The grant review committee will assess the extent to which a grant is consistent with the Civil Air Patrol's missions, strategic priorities, and/or adopted plans as opposed to simply constituting additional funding for a unit. Accepting a grant that is not consistent with the overall strategic direction of CAP creates the risk that CAP will spend its own funds to support a grant inconsistent with overall strategic direction or commit CAP to own-source spending beyond the grant period (see cost/benefit analysis, below).

**Funding analysis.** Along with a review of strategic alignment, the grants committee will look at a multi-year cost/benefit analysis prior to application or acceptance. The analysis may include matching funds (and whether they will need to be set aside), other direct costs associated with a grant, the extent to which overhead costs will be covered, labor costs, in-kind contributions, audit and close-out costs, and potential costs that might need to be incurred by CAP beyond the grant period. This analysis will also explore whether a grant requires that general revenues or a line of credit or grant anticipation notes be used to cover the gap between cash being expended and reimbursement being received by CAP.

**Evaluation prior to renewal or grant continuation.** Grants eligible for renewal also require a re-evaluation of the impacts of the grant-funded program or asset prior to deciding whether to continue a grant at the end of the initial grant period. Consideration will also be given to changes in the funding landscape, regulation changes, or other funding expectations through CAP's cooperative agreement. By including a summary of expenditures and impact from the prior grant cycles, a review of actual costs, administrative costs both direct and in-direct will assist the grants committee in their review for approval.

### **Authorization to Submit and Accept Grant Proposals**

Only CAP's COO has authorization to obligate the corporation. The General Counsel's office will manage the final approval to submit and required signatures for acceptance of grants

### **Auditing of Grants**

Grants awarded to all CAP units are subject to an internal compliance audit and will be included in the annual financial audit.

## Definitions

**Grant** - Generally an allocation from a foundation, corporation, or government

**Federal Grants** - awarded to organizations or individuals to carry out a specific purpose of the United States government. These types of funding requests are not typically allowed by CAP units, except in unusual circumstances with rigorous review by the CFO and General Counsel.

Types of federal grants:

1. Categorical grants: Narrowly defined purposes (i.e., categories). Much of the time, recipients must match a percentage of the grant.
  - a. Project grants: Fund research (medical, science, etc.) and other projects
  - b. Formula grants: Determined by law
2. Block grants: Large grants given to state or local governments for a general purpose. U.S. states and territories then disperse these monies.
3. Earmark grants: Specified in the appropriations of the U.S. Congress and are not competitive grants. These are not allowable for CAP units to seek. If you have questions, contact CAP's government relations team,

**State Grants & MOUs**- State and local governments often receive much of their funding from the federal government as they can promote economic efficiency due to localized knowledge to implement a program more efficiently and effectively than the federal government (i.e., pass-through funding). **It is imperative this type of funding is reviewed due to CAP's audit requirements.** Other state government grants are made via state tax dollars and other revenue streams. The amount of funding and percentage of funding for state grants varies from state to state.

1. Formula grant programs are non-competitive awards based on a predetermined formula. These programs are sometimes referred to as state-administered programs. If regulations are followed, and the services are compliant, the state receives the federal grant monies.
2. Discretionary grants are funds awarded through a competitive process. The agency reviews applications, in part through a formal review process and peer-review panel. Discretionary grants are most sought by nonprofit organizations.
3. An MOU is a written agreement that establishes the basis for mutual cooperation and coordination between CAP and supported organizations and agencies. An MOU is not a contract. An MOU creates no enforceable rights until it is invoked, such as through a request for a mission by a state agency coupled with CAP's acceptance of the mission. Civil Air Patrol recommends MOUs vs grants due to the overall process for funding, management, and reporting. CAP does not permit contracts where we are the service provider.

**Foundation & Corporate Grants** - A general donation to the organization's mission or project to meet particular needs and are often geographically focused. Corporations and Foundations which have a multi-state or National presence require deconfliction at the National level to avoid duplicate requests.

1. Foundations

- a. Independent Foundation – endowment generally derived from a single source such as an individual, family, or group of individuals. Discretionary giving, approximately 70% limit giving to their specific geographic area.
  - b. Company Sponsored Foundation – endowment and annual contributions from a profit-making corporation. Giving tends to be in fields related to corporate activities or in communities where corporation operates.
  - c. Community Foundation – an organization that uses its resources to conduct research, support a direct service provider or program. Grants generally limited to charitable organizations in local community.
2. Corporations – Grants and other philanthropic activity refers to the investments and activities a company voluntarily undertakes to responsibly manage and account for its impact on society. It includes investments of money, donations of products, in-kind services and technical assistance, employee volunteerism, and other business transactions to advance a social cause, issue, or the work of a nonprofit organization. From time-to-time, CAP may pre-approve certain types corporate funding programs, such as Wal-Mart grants as a viable option for local units.

### **In Summary**

From a unit perspective, grant funding is not the first stop in fundraising. There is a resource library of available programs which provides easier opportunities for fundraising at [www.gocivilairpatrol.org/fieldfr](http://www.gocivilairpatrol.org/fieldfr). Once a unit has a more mature fundraising program, corporate and foundation grants may be one of the resources considered but they must follow CAP's Regulations, in addition to the process above.

From a Wing and Region perspective, seeking State funding is encouraged through an MOU process or via State appropriations. In these cases, reach out to the Government Relations team for support. If pursuing state grant requests, the above process must be followed. Federal funding or State funding based on federal dollars requires a more rigorous review

It is important to note, the best first step to start the review process is by contacting NHQ at [grants@gocivilairpatrol.org](mailto:grants@gocivilairpatrol.org)



# Grant Review Form

Thank you for your commitment to Civil Air Patrol and your exploration of a grant to support your unit. The NHQ Grants Team has created the following form to assist local units in meeting grant process reporting requirements.

While grants are an attractive form of funding, they frequently come with specific requirements that the recipient must follow. Such requirements can apply to the general operations of the grant, specific compliance rules, monitoring of other parties that may receive resources from the grants, specific time frame, and specialized reporting requirements.

Please answer all questions as completely as possible and where appropriate, provide context and feedback. After review of your request, we will notify you in 15 business days of any concerns or conflicts of interests.

\* Required

1. The name of the foundation/corporation/entity you are interested in applying: \*

2. Funder website:

3. Please insert the website link to the full request for proposal (RFP)/grant guidelines:

4. What is the amount of your request? \*

5. Date funding application is due? \*

Please input date (M/d/yyyy)



6. Have you ever applied to the funder before? \*

- Yes, we have received funding in the past and are current in our grant reporting.
- Yes, we received funding in the past and the status of the grant reporting is not current.
- Yes, we have received funding in the past but there are not reporting requirements.
- We have not received funding in the past.
- Not sure.

7. What is the purpose of your funding? And how will funds be spent? Please provide a brief (300 word max) summary of your request, the priority need addressed, and any additional relevant information. \*

8. Is the funding requested to augment items already covered by appropriated dollars? (TOP Flights, CEAP, airplane equipment, STEM kits). \*

- No
- Airplane or Glider Equipment
- CEAP
- STEM Kits
- sUAS
- Training
- TOP Flights
- Mission and/or Communications Equipment
- Not sure
- Other

9. What is the source of funding? \*

- Federal government or agency
- State government or agency
- Foundation
- Corporation
- Community group/organization
- Other



10. Where does this foundation/corporation have a presence? Select the highest level known. \*

- National
- Multi-State Region
- State-Wide
- Corporate community area
- Local
- Do not know

11. Does this corporation/foundation have a presence within 1-90 miles of your local unit? \*

- Yes
- No
- Not sure

12. Were you invited to apply? \*

- Yes, our unit was invited to apply.
- No, but we have a direct contact to the organization with whom we are working.
- We were not invited to apply nor have a direct personal connection.
- Other

13. Please provide the contact information for your point of contact for this request (name, phone number, relationship to org/title and email). If unknown, please type "unknown." \*

14. Will there be reporting requirements or other follow-up after the funding is granted? \*

- Yes
- No
- Not sure

15. Is this a pass-through grant?

- Yes
- No
- Not sure

16. Can this be accomplished through an MOU vs a grant?

- Yes
- No
- Not sure

17. What are the reporting requirements (i.e. six-month reports, annual reports, goals/milestones, etc)? What is your plan for meeting these expectations? \*

18. When does the grant period begin?

Please input date (M/d/yyyy)



19. When does the grant period end?

Please input date (M/d/yyyy)



## Administration

20. Is your wing administrator responsible for management, reporting and/or tracking components of the grant? \*

- Yes
- No
- Maybe

21. How many hours per month is it estimated to track, process, expend and report for this grant? \*

- 1-3 hours
- 3-5 hours
- 6-10 hours
- 10+ hours

22. Are there administrative costs included to support the management of this grant? \*

- Yes
- No
- Not sure

23. How will the funds be disbursed? \*

- By check/cash/eft.
- We will be required to request reimbursement.
- Other

24. To whom will funds be dispersed (may not be a personal address or a local unit address): \*

- National Address
- Wing Address
- I don't know

## Wing Commitment

25. Do you have your wing commander approval as required by 173-4? \*

- Yes, I have received approval from my Wing Commander to pursue this opportunity.
- No, I have not received approval from my Wing Commander, I am gathering information.
- Other

26. Has your wing legal officer been notified of your application? \*

- Yes
- No
- Not sure

27. Your name? and duty position(s)? \*

28. Your squadron name/unit charter number (example: SWR-TX-001). \*

29. Your e-mail \*

30. Your phone number \*

31. Do you have additional comments or information to include for review?

Use the text box below. After submission of the form, please send all documents for review to [grants@gocivilairpatrol.org](mailto:grants@gocivilairpatrol.org) \*



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