

TREE FUND MEMORANDUM

16 November 2015

To: TREE Fund Executive Committee

Fm: J. Eric Smith, President and CEO

Re: Proposed Retention Policy for Grants

As a matter of sound grant administration, some portion of awarded funding is often retained until completion of final reports and other related grant terms and conditions. Such retention policies provide some nominal back-end leverage to ensure that grants are completed in a timely, compliant fashion. Retention levels should be significant enough to be meaningful to awardees, but not so large that they impact the ability to complete contracted work. Based on my personal experience with other grants (on both receiving and giving side) and on a review of various Federal and private foundation grant-making programs, I respectfully recommend the following retention levels be implemented, effective with grants awarded at the December 2015 board meeting and beyond. These retention policies would not apply to scholarships or public/community program awards.

| <u>Grant Size</u> | <u>Retention</u> |
|----------------------|--|
| \$1 to \$4,999: | No funds retained |
| \$5,000 to \$9,999 | \$400 retained until completion of final report and approval of expenses (effective impact 4.0% to 8.0%) |
| \$10,000 to \$19,999 | \$800 retained until completion of final report and approval of expenses (effective impact 4.0% to 8.0%) |
| \$20,000 to \$49,999 | \$1,600 retained until completion of final report and approval of expenses (effective impact 3.2% to 8.0%) |
| \$50,000+ | 6.0% of total award retained until completion of final report and approval of expenses |