



PHILADELPHIA CULTURAL
LEADERSHIP PROGRAM

A Program of The Pew Charitable Trusts

Guidelines and Forms
for Renewing Applicants

J U N E 2 0 0 9 G R A N T C Y C L E

THE APPLICATION PROCESS



Application to the Philadelphia Cultural Leadership Program (PCLP) begins with a Letter of Intent (LOI).

Within two weeks, the Culture program staff will review the LOI materials and advise applicants whether or not they are eligible to submit a full proposal. During December and January, proposals and accompanying materials will be evaluated by program staff and external reviewers. Grant recommendations will be presented to the Trusts' board in June.

Friday, September 5, 2008

LOIs from renewing organizations are due at The Pew Charitable Trusts' offices by 5 p.m.

Friday, September 19, 2008

Renewing applicants will be advised of the status of their application.

Friday, November 7, 2008

Full applications are due by 5 p.m.

December 2008 and January 2009

Outside reviewers conduct site visits.

June 2009

The Trusts' board will make final grant decisions.

Please note: The Pew Charitable Trusts are located in Pennsylvania. Please be advised that under certain circumstances, charitable organizations seeking contributions from Pennsylvania sources must register with the Pennsylvania Department of State, pursuant to the Pennsylvania Solicitation of Funds for Charitable Purposes Act. To determine whether or not this act applies to your organization in this circumstance, please consult your legal counsel. You may also contact the Pennsylvania Bureau of Charitable Organizations at 717.783.1720 or 800.732.0999 with any questions or to obtain registration forms.

LETTER OF INTENT (LOI)

LOIs for renewing organizations are due at The Pew Charitable Trusts' offices on Friday, September 5, 2008, by 5 p.m.

The Culture program staff uses the LOI to determine which applicants meet the minimum requirements listed on page 4 of the *Program Description* booklet. Those not meeting the minimum requirements are not eligible to apply.

Given the amount of work involved in completing a full PCLP application, the Culture program staff also use the LOI to identify those applicants who may not be ready for the rigors of the process. Staff are always available to help individual applicants determine if they are ready to apply for PCLP support.

Renewing applicants at the LOI stage are required to submit the following:

I. **Three pages** of narrative describing any recent or projected management, programmatic or artistic changes, as well as a summary of trends in earned revenue, contributed income, attendance, membership/subscribers and program activities.

II. We will also need **three copies** of the following:

- A board-approved strategic plan that includes identifiable goals and objectives intended through **June 2012**.

III. **One copy** of the following:

- Independent audits from the last three most recently completed fiscal years.
- **Attachment B** (page 9): Letter signed by auditor confirming Unrestricted Working Capital.
Please note that in order to determine working capital the Trusts need to receive Attachment B, which must be completed by your auditor. *We recommend that you send Attachment B, along with a copy of the Information on "Determining Working Capital," to your auditor as soon as you receive this application package.*
- **Attachment C** (page 12): LOI Checklist for Renewing Applicants

IV. Finally, PCLP staff will request verification from the Pennsylvania Cultural Data Project (PACDP) that the organization has four fiscal years of submitted data profiles as of the LOI deadline.

INSTRUCTIONS FOR SUBMITTING A FULL APPLICATION



Full applications for organizations are due at The Pew Charitable Trusts' offices on Friday, November 7, 2008 by 5 p.m.

Submitting a full application for PCLP is likely to take up a considerable amount of time from a number of people in your organization. The Culture program staff advises potential applicants to read the following materials thoroughly and pass them on to be reviewed by others who will be involved in the process.

Most of the materials required for the application are likely to exist in your files already. We know, however, that many organizations are short on support staff and ***encourage each applicant to begin to inventory these materials as soon as possible.***

In addition to the materials listed on the following pages, we need a narrative to help us understand your goals and objectives during the grant period. The narrative, which must not exceed ***five pages***, should include the following:

1. A summary of what your organization intends to do over the course of the three-year grant period. Please address programs, staffing, board, audiences, facilities, earned and contributed income, and other organizational objectives.
2. Organize your narrative to correspond with each of the grant years. *Be clear and concise about what you want to have happen in each of years one, two and three of the grant.* These objectives will form the basis of your monitoring plan should you receive a PCLP grant.
3. The first page of the narrative must be on letterhead and should include the grant amount request.

Please submit ***three copies*** of your narrative.

Please ***do not*** submit applications in hardcover binders.

Please ***be sure*** that all application materials are marked with your institution's name.

FORMS THAT MUST BE SUBMITTED AT THE FULL APPLICATION STAGE

All applicants must fill out and submit **three copies** of the following forms and attachments:

- **Form A:** Summary Sheet
- Signed copies of the **PACDP PCLP Grant Application Report**, which can be downloaded and printed from the “Funder Reports” section of the Pennsylvania Cultural Data Project (PACDP) Web site.
- **Form E:** List of Major Donors
- **Form F:** Operating Budgets for the Three Grant Years
- Signed copies of the **PCLP Form G** which contains your current year's fiscal activity plus two years of projected data will be requested via a link on Pew's Web site. It will link to the most recent two years of your organization's Pennsylvania Cultural Data Project (PACDP) profile.
- Recent revisions to your Strategic Plan
- Independent audits from the last three most recently completed fiscal years

Applicants should also include **one copy** of the following:

- **Attachment A:** A statement on your letterhead, using the wording provided, signed by an officer of your organization, stating that your organization has had no change in tax status since the issuance of the IRS determination letter. (See sample on page 8.)
- Include a photocopy of your 501(c)(3) IRS determination letter stating that your organization is exempt from income tax and that your organization is not a private foundation under section 509 (a) of the IRS code. Also, if your organization's name has ever been changed, include a copy of the IRS document reflecting this change.
- **Attachment D:** Full Application Checklist for Renewing Applicants.

ADDITIONAL MATERIALS REQUIRED



In addition to the narrative, applicants are requested to submit documents the reviewers will use to understand your organization better. A clearer picture of how those materials are reviewed can be found on pages 5-10 in the *Program Description* booklet.

IMPORTANT NOTE

PLEASE LABEL THE FIRST PAGE OF EACH SEGMENT OF ADDITIONAL MATERIAL WITH THE NUMBER CORRESPONDING TO THE DOCUMENTS AS LISTED BELOW.

Please send three copies of the following documents:

1. Two years (24 months) of board minutes for the current and previous year.
2. List of board members with professional affiliations (if any) and length of service.
3. An agenda packet from the most recent board meeting.
4. Organizational chart and biographies/resumes of key staff, noting length of service.
5. A chart of board leadership and committee structure with names, board titles and committee assignments).
6. A sampling, of no more than 20 pieces, of promotional and fund-raising materials for the last year. Newsletters and annual reports (if they are published) from the past two years.
7. Any relevant marketing analysis of the public you serve or could potentially serve.
8. One year of monthly or quarterly financial statements (including department or program reports if appropriate) for the current and/or most recently completed year that include budget variance reports, description of corrective action taken, and cash flow projections.

Because of the volume of materials received by the Trusts, we cannot return any items submitted as part of the application.

BUDGET NOTES AND DEFINITIONS



NOTES

- Please round all figures to the nearest \$1,000.
- Please include revenues and expenses for all programmatic and operating activities for the years requested. Be certain to include special projects for program activities that may have been supported by restricted gifts.
- Personnel costs should be categorized according to the employee's primary activity. Smaller organizations may allocate individual salaries over two or more categories.
- You may include only those in-kind contributions that would normally be recognized on your audited reports.
- Please attach narrative as desired for clarity or to explain all significant budgetary or operational shifts.

If you have any questions about how to complete these forms, please call the program staff contact.

Definitions for Information Requested on Form F.

- *Admissions income.* All income related to paid admissions including income from subscriptions, memberships for which admission is a benefit, single tickets and all other entrance fees.
- *Tuition income.* All revenue related to classes, workshops and seminars.
- *Investment income.* Funds used for operations that come from investments.
- *Other earned income.* Revenue from facility rentals, sales of services or goods, royalties and other earned income activities. Please list and specify significant sources. Explain in budget narrative as appropriate.

Contributed Support

- *The Pew Charitable Trusts.* Please list gifts anticipated.

List all other contributed income in the various categories. As indicated, please list personal contributions of trustees separate from those received from other individuals.

Expenses

- *Program salaries and fringe, and expenses.* Include salaries, fees and benefits for all personnel who are primarily engaged in program activities including those for artists, production technicians and craftspeople, and teachers. Expenses should include materials used in mounting shows and exhibits, travel and accommodations, touring expenses, program research and evaluation.
- *Marketing and public relations salaries and fringe, and expenses.* Include all costs associated with marketing and promoting your programs, including but not limited to salaries and benefits for full- and part-time staff engaged in marketing activity, advertising, and the production and distribution of promotional materials.
- *Fund-raising salaries and fringe, and expenses.* Include all costs associated with raising funds from contributed sources as well as salaries, fees and benefits for individuals primarily engaged in fund-raising activities.

BUDGET NOTES AND DEFINITIONS (cont.)

- *Administrative salaries and fringe, and expenses.* Include all costs associated with basic administration including salaries, fees and benefits for personnel not engaged primarily in artistic, marketing or fund-raising activities. Also include basic administrative costs such as telephone, office supplies, accounting and legal fees, and postage.
- *Occupancy costs.* Include all costs associated with your physical spaces including rent, mortgage interest, utilities, repairs and routine maintenance. Also include salaries, fees and benefits for maintenance and security personnel. Do not include principal payments or major repairs and improvements that would be capitalized on your balance sheet

POINTS TO REMEMBER

Documentation should **not** be submitted in hard binders. Please staple pages of each document together and bind them into three packets with clamps or rubber bands. Please be sure to affix the checklist on top of both your LOI and full application materials when submitted.

Because of the volume of application materials received by our office, ***it is extremely important that your institution's name be stamped or typed on all pages of documentation and that all pages be numbered.***

All additional materials required (listed on page 5) must be labeled with the corresponding number to indicate what the particular document is.

THE PHILADELPHIA CULTURAL LEADERSHIP PROGRAM STAFF

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Please do not hesitate to contact us with any questions or concerns. Office hours are Monday through Friday, 8:30 a.m. to 5:30 p.m.



TAX STATUS CERTIFICATION LETTER

This is a statement on your organization’s letterhead, using the exact wording provided below and signed by an officer of your organization that confirms your organization has had no change in status since the issuance of the IRS determination letter(s) and has complied with applicable tax filings. See page 14 for tax status certification sample. Please have this letter reproduced exactly on your institution’s letterhead. Original signature required.

CERTIFICATE REGARDING TAX STATUS OF (Name of Organization)

The undersigned (*name of officer*), the (*title of office held*) and as such authorized to execute this certificate in the name of (*name of organization*), hereby certifies that to the best of (his/her) knowledge, information and belief, the following facts are true, correct and complete:

1. (*Name of organization*) has received a ruling or determination letter(s) from the Internal Revenue Service (IRS) stating that (*name of organization*) qualifies as an organization described in Section 501 (c)(3) and 509 (a) of the IRS Code identified in the attached IRS determination letter(s) dated (*mm/dd/yy*) and (*mm/dd/yy*).
2. Notice of a change in the status of (*name of organization*) under the section or sections of the IRS Code has not been made to the public (such as by publication of the Internal Revenue Bulletin), and the IRS has not given notice to (*name of organization*) that it will be deleted from such status.
3. (*Name of organization*) has timely complied with all of its applicable federal, state and local tax and information return filing requirements, including filing of its Form 990.

(*Name of organization*) _____

Dated: (*mm/dd/yy*) _____

(*signature of responsible officer*) _____

(*printed name of responsible officer*) _____

(*title of office held*) _____



UNRESTRICTED WORKING CAPITAL

(date)

Mr. Gregory T. Rowe
Deputy Director, Culture Program
The Pew Charitable Trusts
2005 Market Street, Suite 1700
Philadelphia, PA 19103-7077

Dear Mr. Rowe:

This is to confirm that, based on the audited balance sheet of **(organization name)** as of **(date)**, the current unrestricted assets were \$_____ and current unrestricted liabilities were \$_____.

Sincerely,

(auditor's signature)

Please have this letter reproduced **exactly** on your auditor's letterhead. Original signature required.

Please note that in order to determine working capital the Trusts need to receive **Attachment B**, which must be completed by your auditor. We recommend that you send Attachment B, along with a copy of the information on "Determining Unrestricted Working Capital" to your auditor as soon as you receive this application package.

PCLP applicants are encouraged to have their financial staff contact the Culture program staff for additional information or clarity.

DETERMINING UNRESTRICTED WORKING CAPITAL

Having a positive unrestricted working capital (UWC) balance is a minimum requirement for organizations applying to PCLP. Please note that in order to determine unrestricted working capital (UWC) the Trusts uses a common definition which is unrestricted current assets less unrestricted current liabilities. This calculation is made from the audit from applicants' most recent fiscal year and using additional data that has been supplied by the grantee through the Pennsylvania Cultural Data Project (PACDP). PACDP provides a breakdown of unrestricted, temporarily restricted and permanently restricted assets and liabilities with a breakdown of which are current and non current. PCLP applicants are encouraged to have their financial staff contact the Culture Program staff for additional information or clarity. There are some exceptions to the basic UWC calculation that are noted in the following section.

To determine the amount of your organization's UWC, subtract unrestricted current liabilities from unrestricted current assets. To do this, you must first determine which assets and which liabilities are "current", with a further breakdown by category of unrestricted, temporarily restricted and permanently restricted. Some statements of financial position (balance sheet) list current assets as a subtotal of total assets, and list current liabilities as a subtotal of total liabilities. However, even when the financial statement makes these distinctions, one must still verify what funds are unrestricted current for our UWC calculation. Specifically, current assets are defined as those that are cash or readily convertible to cash. To qualify as current assets for our UWC calculation, the current assets must be owned and under the control of the organization such that the organization may use the assets as it chooses. Furthermore, these current assets may not be externally encumbered in any way. Examples of current assets are cash and cash equivalents (e.g., short-term treasury bills, short-term certificates of deposit), accounts receivable that are expected to materialize in the coming 12 months, unconditional grants and contributions receivable within one year, inventory, pre-paid expenses and liquid investments. On the PACDP form the applicant must further break down these items between unrestricted, temporarily restricted and permanently restricted.

Perhaps a more common restriction for PCLP applicants would be those restrictions on assets that have been imposed by a donor. For example, if a donor has made a grant on the condition that the grantee undertakes certain projects, then those grant funds/assets are not available to be used in any way that the grantee chooses. Thus, there is an offsetting liability, which is the obligation to expend the funds in the manner prescribed by the donor. Typically these funds should be accounted for as temporarily restricted and would not enter into the calculation of UWC.

Short-term/current investments are considered unrestricted working capital, though this might not be apparent from the balance sheet. To be considered for UWC, an organization's investments must be (1) marketable securities, (2) legally owned and controlled by the organization, (3) an unrestricted asset and (4) not encumbered in any way.

Some balance sheets classify investments as "current" or "long-term." These classifications can be misleading because "current" investments may not necessarily be available for UWC and some "long-term" investments may be available for UWC. The PACDP form clearly delineates between those long-term assets that are unrestricted and current and those that are restricted either permanently or temporarily.



On the other hand, an example of investments classified as current but not available as a current asset might be equity securities (marketable and liquid) that are encumbered by a bank as collateral for a credit facility. Conversely, an example of investments classified as long term but that would be considered as working capital might be unencumbered marketable securities, classified as long term only because they are designated by the organization's board for long-term or future use. Regardless of such a board designation, unrestricted liquid investments are usually considered available for working capital. Although investments designated by the board as long term may be considered current assets for the purposes of determining UWC, investments that have been designated as permanently restricted by the donor are most emphatically not.

Current liabilities are obligations of the organization that must be met within the 12 months following the balance sheet date. Examples of common current liabilities would be accounts payable and accrued payroll. Some liabilities will have a current portion and a long-term portion. For instance, a mortgage typically is shown on the balance sheet with both a current portion, the amount which must be repaid over the next 12 months, and a long-term portion to be paid in subsequent fiscal years.

Temporarily restricted net assets (TRNA) are one of the three classes of net assets defined by FAS 117. TRNA are net assets (temporarily restricted assets minus temporarily restricted liabilities) that are restricted by donors for a specific purpose or for use during a specific time period. In some cases, a portion of an organization's temporarily restricted net assets may be considered to be available as UWC. This typically occurs when the only restriction on a grant is a time-based one, often resulting from having received a pledge of operating funds that are to be used in the next year but which do not come with any countervailing obligation to spend the money in a particular way. If using the standard definition of unrestricted working capital does not result in a positive number, applicants may provide additional information from their auditor to substantiate that a portion of their temporarily restricted net assets should be added to the UWC calculation. Contact the Culture Program staff with any questions or for clarification.

Permanently restricted net assets (PRNA) are assets that must be maintained by the organization in perpetuity. They are most often composed of an organization's permanently restricted endowment funds (i.e., funds contributed by donors who have explicitly stipulated that the principal may never be spent). The appreciation of and income generated from these permanently invested assets may be either unrestricted or temporary restricted depending on the wishes of the donor. Occasionally, the donor requires that the appreciation or the income be permanently restricted and reinvested with the principal. If PRNA are commingled with the organization's investments, they must be deducted from any investments included in working capital.



**LOI CHECKLIST FOR APPLICANTS
PHILADELPHIA CULTURAL LEADERSHIP PROGRAM**

Three copies each of the following:

- ___ A narrative of up to but no more than **three** pages (See page 2 for description.)
- ___ Board-approved strategic plan or other planning documents that are currently being used by the organization
- ___ Board-approved strategic plan for the proposed grant period

One copy of each of the following:

- ___ Independent audits from the last **three** most recently completed fiscal years
- ___ **Attachment B:** Auditor's letter confirming Unrestricted Working Capital
- ___ **Attachment C:** (This checklist)

Please remember to retain a copy of this form for your records.

Please be sure that all pages are **numbered and feature your institution's name.**

Incomplete or late applications **will not be considered.**

PCLP staff will request verification from the Pennsylvania Cultural Data Project (PACDP) that the organization has submitted four fiscal years of data profiles as of the LOI deadline.

Please detach this checklist, and attach to front of your LOI packet.



**FULL APPLICATION CHECKLIST FOR APPLICANTS
PHILADELPHIA CULTURAL LEADERSHIP PROGRAM**

Three copies each of the following:

- ___ Signed copies of the **PACDP PCLP Grant Application Report** with an original signed copy of the cover page indicating that an officer of the organization has reviewed the data included in the report.
- ___ Narrative of no more than five pages (see page 3 for description) on letterhead with the grant amount requested
- ___ **Form A:** Summary Sheet
- ___ Signed copies of the **PCLP Form G** which contains your current year's fiscal activity plus two years of projected data will be requested via a link on Pew's Web site. It will be linked to two years of your organization's Pennsylvania Cultural Data Project (PACDP) profile.
- ___ **Form E:** Ten Largest Corporate or Foundation Donors to Operating/Program Activity for the Three Most Recently Completed Fiscal Years
- ___ **Form F:** Operating Budgets for the Three Grant Years
- ___ Revisions to your strategic plan (if any)
- ___ Additional documents (please list)
- ___ Independent audits for the last three completed fiscal years

One copy of each of the following:

- ___ **Attachment A:** Certificate Regarding Tax Status on Your Letterhead
- ___ A photocopy of your IRS determination letter
- ___ **Attachment D:** (This checklist)

Please remember to retain a copy of this form for your records.

Please be sure that all pages are **numbered and feature your institution's name.**

Incomplete or late applications **will not be considered.**

Because of the volume of applications, please **do not** submit documents in hardcover binders.

Application Contact (the person who prepared/assembled this application):

(name) _____

(telephone) (fax) _____

(e-mail) _____

(signature) _____


INSTRUCTIONS FOR COMPLETING THE APPLICATION TAX STATUS CERTIFICATION



The tax status certification is a statement on your letterhead, using the exact wording provided and signed by an officer of your organization that confirms your organization has had no change in tax status since the issuance of the IRS determination letter(s) and has complied with applicable tax filings.

Please have the text of this letter reproduced exactly on your institution's letterhead. Original signature required.

SAMPLE




The Education Institute

CERTIFICATE REGARDING TAX STATUS OF The Education Institute

The undersigned, Mark Smith, the Executive Director and as such authorized to execute this certificate in the name of The Education Institute, hereby certifies that to the best of (his/her) knowledge, information and belief, the following facts are true, correct and complete:

- 1) The Education Institute has received a ruling or determination letter(s) from the Internal Revenue Service (IRS) stating The Education Institute qualifies as an organization described in Section 501 (c)(3) and 509 (a) of the IRS Code identified in the attached IRS determination letter(s) dated 11/4/82 and 05/01/94.
- 2) Notice of a change in the status of The Education Institute under the section or sections of the IRS Code has not been made to the public (such as by publication of the Internal Revenue Bulletin), and the IRS has not given notice to The Education Institute that it will be deleted from such status.
- 3) The Education Institute has timely complied with all of its applicable federal, state and local tax and information return filing requirements, including filing of its Form 990.

The Education Institute
Dated: July 6, 2006


Executive Director

450 West 15th Street New York, NY 10051 (212) 243-6262 E-mail: Mark@EdInst.org Website: <http://www.EdInst.org>