

**Cottonwood, Incorporated/Cottonwood Foundation  
Partnership Funding Policy**

**SECTION:** Governing Board

**POLICY NO:** 01-008

**SUBJECT:** Joint Partnership Funding Policy

**PAGE(S):** 1 of 2

**EFFECTIVE DATE:** June 2022

**Policy:**

It shall be the policy for Cottonwood, Inc. and Cottonwood Foundation, Inc. (Foundation) to partner together to promote the mission of Cottonwood through the maximization of resources to enhance the services of Cottonwood.

**Procedures:**

1. Annual Budget:
  - a. During the 4<sup>th</sup> quarter of the calendar year, the Cottonwood, Inc. Executive Committee will review the proposed budget for the following year.
  - b. Upon review of said budget, the Cottonwood Inc. Executive Committee may request additional funds from the Foundation by making a request for said funds to the Foundation Executive Committee.
  - c. The Foundation Executive Committee will take the request for additional funds to the Foundation Annual meeting for discussion and approval.
2. Excess Reserves: In years during which Cottonwood, Inc.'s reserves have exceeded the equivalent of twelve months' operating expenses as of 12/31 (taking into consideration excess cash balances), Cottonwood, Inc. will transfer the excess to the Foundation to further invest. These funds will be earmarked as available to Cottonwood, Inc.
3. Fundraising Dollars: For fundraising events where the donors' intent is to give their donation to Cottonwood, Inc. for mission-related purposes, the Foundation will act in an agent capacity on behalf of Cottonwood, Inc. and will pass unrestricted funds to Cottonwood, Inc.
4. Restricted Contributions: All contributions made with a restricted purpose are tracked by both Cottonwood, Inc. and the Foundation. The type and duration of donor-restricted funds will determine if and when those dollars flow through to Cottonwood, Inc.
5. Both the Cottonwood, Inc. and Cottonwood Foundation Boards will jointly adopt this Partnership Funding Policy.

## **Distribution Schedule:**

### *From Cottonwood Foundation to Cottonwood, Inc.*

1. Special Needs (including other additional funds as determined at the Foundation Annual meeting) will be paid in four equal installments in the first month of each quarter (January, April, July, October).
2. Fundraising Dollars will be paid by the end of the third month following the fundraising event.
3. Restricted Contributions will be paid as needed and as determined by the nature and purpose of the contribution.

### *From Cottonwood, Inc. to Cottonwood Foundation*

1. Excess Reserves will be paid each January following the year in which the excess reserves have been identified.