

**FUNDING AGREEMENT BETWEEN THE CITY OF FRANKLIN AND
GRACEWORKS MINISTRIES, INC.**

COF Contract No. 2017-0156

This Funding Agreement is effective on July 1, 2017, between and among the City of Franklin, Tennessee, a political subdivision of the State of Tennessee (the "City") and GRACEWORKS MINISTRIES, INC. (the "Agency"), a Tennessee nonprofit corporation.

RECITALS

WHEREAS, Tennessee Code Annotated ("TCA") Section 6-54-111, as amended, authorizes a municipality's governing body to appropriate funds for the financial aid of any nonprofit charitable organization that provides year-round services benefiting the general welfare of the residents of the municipality or any nonprofit civic organization working to maintain and increase employment opportunities in the municipality; and

WHEREAS, the TCA also provides for the Comptroller of the Treasury to establish standard procedures to assist the municipal governing body in the disposition of funds so appropriated; and

WHEREAS, the municipality wishes to comply with the following laws and rules:

1. A municipality may appropriate funds for only those nonprofit charitable organizations that provide year-round services benefiting the general welfare of the residents of the municipality, or any nonprofit civic organization classified under Sections 501(c)(4) or (6) of the Internal Revenue Code working to maintain and increase employment opportunities in the municipality.
2. The governing body of each municipality shall adopt an adequate agreement stating the purpose for which the funds are being appropriated, for each nonprofit organization that is to receive municipal funds.
3. The budget document of the municipality shall include the name of each nonprofit organization and the specific amount appropriated for each organization.
4. Municipal payments to nonprofit organizations shall be limited to the amounts appropriated for such purposes and in keeping with the municipality's guidelines for how the appropriated funds may be spent.
5. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality (a blank copy of which is attached as Exhibit B); and
- (c) The proposed use of the municipal assistance (a blank copy of which is attached as Exhibit C).

The report filed shall be open for public inspections during regular business hours of the City.

6. For appropriations to nonprofit civic organizations, notices shall be published in a newspaper of general circulation in the municipality of the intent to make an appropriation, specifying the intended amount and purpose; and

WHEREAS, the City and the Agency intend to enter into this agreement for the purpose of defining the Agency's use of the monies received from the City in fiscal year 2017-2018.

NOW, THEREFORE, in consideration of the mutual covenants and promises, the parties agree as follows:

1. TERM

This agreement shall be effective from and after the effective date and shall extend through June 30, 2018, unless otherwise terminated in accordance herewith.

2. OBLIGATIONS OF CITY OF FRANKLIN

2.1 In accordance with City guidelines after all administrative costs are deducted therefrom, the City will contribute to the Agency the amount of FIFTEEN THOUSAND and 00/100 DOLLARS (\$15,000.00).

2.2 Payments will be made in quarterly installments, payable at or near the beginning of each quarter.

3. OBLIGATIONS OF THE AGENCY

3.1 Use of Funds. The Agency shall use the City funds for the sole and limited purpose of community and economic development of the City of Franklin according to the Statement of Work and Program Objectives provided in Exhibit B, a copy of which is attached hereto and incorporated by reference herein.

3.2 Work Plan. In order to accomplish the objective(s) set forth in paragraph 3.1, the agency shall submit to the City a Work Plan that describes, in detail, the efforts to be undertaken by the Agency to accomplish the performance objectives set forth in Exhibit B, a copy of which is attached hereto as Exhibit C and incorporated by reference herein. At a minimum, the Work Plan shall include that information required by Exhibit B. The Agency

shall coordinate its performance under this Agreement with the City. The Agency shall advise and consult with the City Administrator or his/her designee, with respect to its performance under this Agreement.

3.3 Annual Budget. The Agency shall submit an annual budget in a form and on a schedule acceptable to the City. The annual budget shall contain a detailed analysis of the project administrative expenses for operations and reasonable estimates of the projected amounts to be spent for the services to be provided and Work Plan to be implemented for the calendar year. The budget shall be submitted to the City with this agreement.

3.4 Reporting. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality; and
- (c) The proposed use of the municipal assistance.

The report filed shall be open for public inspections during regular business hours of the City.

3.5 Insurance. The Agency shall maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Agency and its employees. The Agency shall maintain workers' compensation insurance as required by the laws of the State of Tennessee.

The Agency shall require all third parties utilized by the Agency ("Contractors") to maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Contractors and its employees. The Agency shall require contractors to maintain workers' compensation as required by the State of Tennessee. The contractor's general liability insurance shall be of sufficient limits to provide defense and settlement expenses for Agency that result from the contractor liability. To the extent permissible, the Agency shall require each Contractor to endorse the Agency as an additional insured on the Contractor's general liability policies.

To the extent permitted by law, the Agency shall require such Contractor to indemnify and hold the Agency harmless against any liability caused by acts or omissions of the Contractor and its employees.

Insurance information will be provided to the City upon request. The Agency shall notify the City immediately of incidents that could lead to a major claim against the Agency.

4. **RESTRICTION ON USE OF FUNDS**

The Agency does hereby warrant and represent that the City Funds shall not be utilized by either the Agency or any of its Contractors for the following purposes:

- 4.1 Any claim or litigation against the City or any department or division of the City.
- 4.2 Any political or levy campaigning purposes.

5. **RECORDS AND AUDITS**

5.1 Accounting. The Agency shall maintain full, accurate and complete financial and accounting books, records and reports (“Records”) of all direct and indirect uses and expenditures of the City Funds consistent with generally accepted accounting principles (GAAP).

5.2 Maintenance of Records. The Agency shall keep records relating to all uses and expenditures of the City Funds received pursuant to this Agreement. The Agency shall maintain a system of bookkeeping adequate for its operations hereunder and shall submit reports from such system to the City and the Agency on an annual basis for review and approval. The Agency shall keep and preserve for at least five (5) years following each calendar year all sales slips, rental agreements, purchase orders, sales books, cash register tapes, credit card invoices, payroll records, duplicate deposit tapes and invoices, bank accounts, cash receipts and cash disbursements, bank books and other evidence of receipts and expenditures for such period.

5.3 Audit. The City or the City’s designated representative, at the City’s cost and expense, shall have the right to audit the Agency’s Records at any time but shall not unreasonably interfere with the Agency’s business or operations in connection with any such audit. The Agency acknowledges that this Agreement may be subject to audit by the Auditor of the State of Tennessee.

5.4 Repayment. If an audit discloses the Agency has received or retained City Funds in error or in excess of those to which the Agency is entitled under this Agreement or has used the City Funds for a purpose not authorized by this Agreement, the Agency agrees to promptly repay to the City the full amount of such City Funds, with interest thereon at the rate equal to the 90-day U.S. Treasury Note at the time. In the event the Agency fails to promptly repay to the City the full amount of such City Funds, the City may elect to withhold said City Funds from any future payments to the Agency.

5.5 Additional Remedies. In addition to the repayment remedy set forth in paragraph 5.4 herein, the City may elect to terminate this Agreement as set forth in section 6, herein with a minimum of 30 days written notice to the Agency’s President and Chair of the Board with opportunity to cure any breach.

6. TERMINATION

If either party hereto breaches any term, condition, representation, warranty or covenant contained in this Agreement, or if the Agency engages in any malfeasance or misfeasance with respect to the City Funds, the non-breaching party may elect to terminate this Agreement with a minimum of 30 days written notice to the other party with opportunity to cure any breach.

7. MISCELLANEOUS PROVISIONS

7.1 The Agency and the City agree that, as a condition to this Agreement, they shall not discriminate against any employee on the basis of race, color, sex, religion, natural origin, handicap, or any other factor specified in Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Americans with Disabilities Act, and subsequent amendments thereto, and all other federal and state laws regarding such discrimination.

7.2 The Agreement may be amended at any time, or any provision hereof may be waived, by written consent of all parties hereto.

7.3 This Agreement shall be governed by and construed under the laws of the State of Tennessee.

7.4 The Agency and the City shall conform to the requirements of all applicable laws and regulations of the State of Tennessee governing the execution of their respective duties under this Agreement.

(Signatures on next page)

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS Agreement as of this 17th day of OCTOBER, 2017 by

GRACEWORKS MINISTRIES, INC.

By: 

Name: Valencia A. Breckenridge

Title: CEO

Date: 10/17/2017

CITY OF FRANKLIN

By: 

Dr. Ken Moore, Mayor

Date: 10/30/17

By: 

Eric Stuckey, City Administrator

Approved as to form:

By: 

Shauna R. Billingsley, City Attorney

EXHIBIT A

Annual Reporting Form for Nonprofit Organizations
Seeking Financial Assistance from Local Governments

GraceWorks Ministries

Name of Nonprofit Organization				
104 Southeast Parkway	Franklin	Williamson	TN	37064
Street Address	City	County	State	Zip

Annual Financial Report of Cash Receipts, Disbursements, and Balances

For the Fiscal Year from 2016 through 2017

Report Required by Title 5, Chapter 9, Part 1,

And Title 6, Chapter 54, Part 1, *Tennessee Code Annotated*

Receipts

Federal Grants	\$ <u>0</u>	
State Grants	<u>0</u>	
Financial Assistance from Local Governments	<u>31,012</u>	
Donations and Gifts from Citizens	<u>707,851</u>	
Membership Dues	<u>0</u>	
Fees/Charges for Services	<u>0</u>	
Fundraising Events	<u>480,125</u>	
Sale of Assets	<u>0</u>	
Loans-Borrowed Funds	<u>0</u>	
Investment Income	<u>2,843</u>	
Other Receipts	<u>920,040</u>	
Total Receipts		\$ <u>2,141,871</u> (A)

Disbursements

Grants and Other Assistance Paid to Other Organizations and Individuals	\$ 601,119	
Salaries and Wages	794,296	
Employee Benefits	38,349	
Payroll Taxes	72,076	
Fees for Services (non-employee)	0	
Advertising and Promotion	4,245	
Office Expenses	140,174	
Leases/Rentals	189,747	
Maintenance and Repairs	40,252	
Supplies	8,165	
Travel	0	
Utilities	65,684	
Insurance	47,621	
Conferences, Conventions and Meetings	3,009	
Interest	0	
Purchase of Capital Assets – Vehicles and Equipment	8,357	
Purchase of capital Assets – Property and Buildings	0	
Loan Payments	0	
Other	124,800	
Total Disbursements		\$ 2,137,894 (B)
Cash Receipts Less Disbursements for the fiscal Year (A-B=C)		\$ 3,977 (C)
Cash Balance - at the beginning of the fiscal year		\$ 691,119 (D)
Cash Balance - at the end of the fiscal year (C+D=E)		\$ 993,758 (E)

Details of Cash Balance - at the end of the fiscal year

Cash on Hand	\$ 4862
Cash in Bank – Checking	219,885
Cash in Bank – Savings Accounts	769,011

Cash in Bank – Certificates of Deposits	<u>0</u>	
Other Cash	<u>219,885</u>	
Total Cash - at the end of the fiscal year		\$ 993,758 (E)

Please Explain Proposed Use of the Financial Assistance from Local Governments.

GraceWorks will use the funds for our Shelter Fund, which provides help for rent and utility payments.

I certify that this report accurately presents the cash receipts, disbursements, and balances of the

GraceWorks Ministries for the fiscal year noted above.

Name of Nonprofit Organization

Person Preparing Report

Kathryn McClure

Printed Name



Signature

Phone Number 615-794-9055
X 125

Email Address kmcclure@graceworksministries.net

Date 10/17/2017

EXHIBIT B

STATEMENT OF WORK AND PROGRAM OBJECTIVES

The Agency 2017-2018 Statement of Work and Program Objectives (description of program) shall include:

1. GraceWorks' objective with our Shelter Fund is to assist residents who lack resources in keeping their homes warm in the winter and cool in the summer and have running water and electricity/gas.
2. GraceWorks' objective with our Shelter Fund is to enable families to remain in their homes, saving them from possible eviction.
3. GraceWorks' desire is to meet the shelter and utility needs of everyone who seeks our help for this need.
4. GraceWorks' objective is by helping meet these basic and critical needs that our neighbors seeking our help will then have more financial resources to pay for other necessities, such as food, school supplies, medical bills, etc. By helping this need we enable people to focus on other tools to become self-sufficient.

EXHIBIT C

WORK PLAN

The Agency 2017-18 Annual Work Plan shall include:

1. meeting our neighbors' shelter needs and thus providing them resources to move past a point of financial and emotional crisis.
2. GraceWorks does this through interviewing families who seek our help, determining their needs and assisting them with paying rent, utilities, and/or heating/cooling., where residents are assisted with paying rent, utilities, heating and cooling.
3. GraceWorks will continue, and with the City of Franklin funding, expand the services of the Shelter Fund.

Exhibit D

	2017-18
	Budget Proposed
Income	
4100 · CHURCH	
4100.1 · Churches	270,000
Total 4100 · CHURCH	270,000
4200 · INDIVIDUAL INCOME	
4200.0 · Private Individual	400,000
Total 4200 · INDIVIDUAL INCOME	400,000
4250 · DESIGNATED CLIENT	75,000
4400 · BUSINESS	
4400.0 · Corporate & Civic Partners	90,000
Total 4400 · BUSINESS	90,000
4500 · FUNDRAISING INCOME	
4500.18 · Fundraiser - Susan Thornton Fund	25,000
4500.17 · Fundraiser - Lapse Donor Campaign	30,000
4500.16 · Fundraiser - Theater	25,000
4500.15 · Fundraiser - Ride The Vines	0
4500.13 · Fundraiser -OLA/Outreach	25,000
4500.12 · Christmas - Manger	25,000
4500.12 · Christmas - Food	20,000
4500.12 · Thanksgiving Food	10,000
4500.10 · Turkey Trot / Fun Run	120,000
4500.0 · Fundraiser - Community Partners	25,000
4500.2 · Fundraiser - Dinner	60,000
4500.7 · Fundraiser - Golf	92,000
4500.9 · Grants	
4500.91 · Grants - UW	52,000
4500.9 · Grants - Other	170,000
Total 4500.9 · Grants	222,000
Total 4500 · FUNDRAISING INCOME	679,000
4800 · STORE INCOME	
4800.0 · Store Sales	900,000
Total 4800 · STORE INCOME	900,000
4950.1 · Interest Income	
4950.15 · Interest Income - General Savin	1,033
4950.1 · Interest Income - Other	2,467
Total 4950.1 · Interest Income	3,500
Total Income	2,417,500
Expense	
5111 · PERSONNEL - OTHER EXPENSES	
5100.12 · Reimbursed Expenses - Neigh Svs	1,500
5100.10 · Reimbursed Expenses - Developm	1,500
5100.6 · Reimbursed Expenses - Dir Dev	1,500
5114 · Mileage	7,500
5100.8 · Reimbursed Expenses - Dir Ops	1,500
5100.7 · Reimbursed Expenses - OPS	1,500
5100.5 · Reimbursed Expenses - CEO	2,500
Total 5111 · PERSONNEL - OTHER EXPENSES	17,500

5100 · PERSONNEL	
5100.1 · Salaries - Office	723,651
5100.2 · Salaries - Store	137,045
5100.9 · Salaries - Transportation	124,132
5115 · Payroll Taxes	104,392
5116 · Retirement Plan	14,772
5117 · Health Insurance	32,400
Total 5100 · PERSONNEL	<u>1,136,393</u>
5200 · PUBLIC RELATIONS	7,500
5250 · FUNDRAISING	
5250.16 · Fundraiser - Theater	3,000
5250.15 · Fundraiser - Ride The Vines	0
5250.8 · Fundraiser - Env / Mailer	9,500
5250.7 · Fundraiser - Turkey Trot	40,000
5250.0 · Fundraiser - Community Partners	17,000
5250.1 · Fundraiser-Dinner	15,000
5250.6 · Fundraiser-Golf	20,000
Total 5250 · FUNDRAISING	<u>104,500</u>
5300 · ADMINISTRATIVE EXPENSES	
5399 · Recruiting Expense	0
5910 · Depreciation	24,350
5741 · Employee Appreciation	5,000
5740 · Volunteer Appreciation & Develo	6,500
5320.2 · Drug Free Tenn	1,000
5300.10 · Professional Fees	10,000
5320.1 · Background Checks	1,000
5310 · Continuing Education	2,250
5320 · Dues and Subscriptions	350
5330 · Licenses and Fees	11,500
5340 · Bank Fees	25,650
5341 · Fees - Payroll Fees	18,000
5350.1 · Rent-Franklin	144,000
5350.2 · Rent - Admin Bldg	12,000
5350.3 · Rent - Fairview	42,396
5360 · General & IT Rep and Maint	
5360.4 · IT Consultant	13,240
5360.3 · IT / Equipment or repairs	3,500
5360.1 · General Repairs, Srvc or Equip	13,500
5360.2 · Lease Agreements	6,500
Total 5360 · General & IT Rep and Maint	<u>36,740</u>
5365 · Utilities	54,500
5400 · Insurance	51,500
5600 · Printing	5,000
5500.1 · Office Supplies	7,500
5375.1 · Telephone	11,500
5710 · Vehicle Expense	7,500
5720 · Postage and Freight	10,500
5730 · Personal Property Taxes	8,500
Total 5300 · ADMINISTRATIVE EXPENSES	<u>497,236</u>

6000 · NEIGHBOR SERVICES

6700 · NS - Stepping Forward	15,000
6030 · Neighbor Designated	75,000
6000.0 · Shelter	350,000
6100 · Neighbor Medical	8,000
6200 · Neighbor Transportation/Repairs	35,000
6500 · Neighbor Christmas Manger	25,000
6500 · Neighbor Christmas food baskets	20,000
6500 · Neighbor Thanksgiving Food	10,000
6900 · Neighbor Food Pantry	0
6900.3 · Food Pantry - Fuel Bags	22,000
6900.2 · Food Pantry - Mileage	600
6900.1 · Food Pantry - Purchases	18,200
Total 6900 · Neighbor Food Pantry	40,800
6970 · Neighbor Services - Outreach (Backpacks/OLA)	43,000
6020 · Neighbor - Homeless Support	0
6950 · Meals on Wheels	1,800
6000 · NEIGHBOR SERVICES - Other	12,000

Total 6000 · NEIGHBOR SERVICES 635,600

6800 · STORE EXPENSE

6800.1 · Store Supplies	10,000
Total 6800 · STORE EXPENSE	10,000

Total Expense 2,408,729

Net Income 8,771