



**MUHAMMAD SUBUH
FOUNDATION**

The Foundation of the Worldwide Subud Community

Grant Policies and Procedures
Review - May 19, 2019

CONTENT

| | |
|--|---|
| 1. INTRODUCTION | 3 |
| 2. POLICIES REVIEW | 3 |
| 2.1 Subud House Grants | 3 |
| 2.2 Capital improvements | 4 |
| 2.3 Grants that Support WSA | 5 |
| 2.3.1 International Helper Policy | 5 |
| 2.3.2 International Archives Policy | 6 |
| 3. GRANT PROCEDURES | 7 |
| 3.1 Application | 7 |
| 3.2 Call for proposals | 7 |
| 3.3 Grant applications | 7 |
| 3.4 Grant summary updates | 7 |
| 3.5 Board discussion and vote to decide awards | 7 |
| 3.6 Notifications and Agreements | 8 |
| 3.7 Reporting by the grantee | 8 |

1. INTRODUCTION

At the Muhammad Subuh Foundation's November, 2018 meeting in Washington, DC, there were several issues raised regarding grants and loans to Subud groups. The trustees responded to these concerns by updating its current policies and procedures, where pertinent.

The aim of this review was not only that the MSF board of trustees have more complete information to clarify different proposals from Subud groups but also to move groups towards more detailed planning of their projects, considering sustainability of the Subud houses, and when possible, implementing productive projects in accordance with the potential of their property. Current limitations regarding increasing MSF financial resources force the trustees to address a more prudent use of existing resources so that we can maximize returns.

In this regard, the main focus of our review of the Grants & Loans policy was to make sure that the loans, in particular, were not a burden for the group - in terms of repayment. As an outcome, a decision was made to discontinue granting loans. After several years of issuing loans, the Foundation found that groups demonstrate a very low capacity of repayment, and in nearly all cases the loans had to be converted into grants (i.e., forgiven). Minutes available from the Subud World Congress in Puebla and Freiburg, as well as MSF Annual Meeting minutes from Pulborough, reflect the reality of our loan conversion process.

Therefore, the trustees considered it more prudent to support Subud Groups only through grants. Furthermore, this relieves MSF from allocating administrative resources to track loans and follow up on repayments, a task the Foundation does not consider to be part of its mission.

2. POLICIES REVIEW

2.1 Subud House Grants

The Muhammad Subuh Foundation (MSF) applies a fair and measured allocation of its available resources when making awards to member countries of the World Subud Association (WSA). The Muhammad Subuh Foundation applies due diligence to ensure that grants are distributed equitably to the Subud community and have maximum impact. MSF must comply with U.S. tax regulations and Foundation stipulations that govern charitable giving internationally.

Grants are the cornerstone of the Foundation. They represent both the Foundation's mission as well as our donors' commitment to further Bapak's vision. Each year the trustees review large and small proposals to determine if they meet the Foundation's requirements and standards to receive funds.

The Foundation respects local autonomy over the management of the project by the recipients, however, all recipients must sign a letter of agreement to abide by specific terms and conditions to receive grant funds. These conditions include submitting written reports that contain a detailed description of what was accomplished with the use of the funds, and a

financial statement reporting all expenditures of the funds, in U.S. dollar values. Recipients must also be members of WSA and abide by its bylaws, in particular the section stating: "The Association shall not promote or engage in political activities."

MSF asks that grant applicants provide evidence that there is broad member harmony to support and maintain the Subud property. This might take the form of ownership by the group's region or country, or at the very least an agreed-upon commitment of responsibility for support of the house by a large number of Subud members in the local center.

In addition, MSF expects groups to have a business plan for commercial use of their house, in compliance with local and national laws and regulations. This is to help ensure the sustainable generation of income for the house and surrounding property's ongoing repair, taxes, emergencies, etc., as well as repayment of loans and further support to the Foundation when possible.

All grants must comply with the US Homeland Security Act ensuring that no portion of the funds were used to engage in, support, or promote violence, terrorist activity, or related training of any kind, whether directly through the Subud group's own activities and programs or indirectly through its support of, or cooperation with, other persons and organizations engaged in such activities.

Recipients must begin to use the funds within 15 months from the date of the final signature of the agreement. Funds will be remitted only after the grantee notifies the Foundation that they are ready to begin the project. Generally, a project is expected to be completed within twenty-four months, from the final signature of the agreement.

What we do not do:

- Award funds for Subud space on property owned by an individual or private entity
- Award funds for the purpose of renting latihan premises
- Wire funds for an award to a private bank account
- Award funds for personal needs or business assistance
- Award funds for 'start up', business or exploratory purposes
- Awards funds to organizations that are not registered as a member of WSA
- Award funds for routine repairs and maintenance, only for capital outlay
- Award a grant to the same group more than once every 24 months
- Award a grant at 100% of the project cost

2.2 Capital improvements

MSF housing grants, including the property that the Subud house is located on, are primarily focused on the acquisition and capital improvements to the facility (or property) for groups to do their latihan. Capital improvements do not include routine maintenance of recurring activities (inspection, cleaning, plumbing, testing, painting, replacing parts, carpeting and so

on). Such maintenance is expected to be performed based on normal use and to keep the property in good operating condition.

Capital improvement to a property is defined as an activity that extends its useful life or efficiency or improves its quality such as its strength or capacity. In such cases this activity would:

- 'put' the property in a better operating condition rather than 'keep' the property in efficient operating condition, or
- restore the property to a 'like new' condition rather than to a 'previous' condition, or
- add new or replacement components or material sub-components rather than protecting the underlying property through routine maintenance, or that
- includes additional upgrades or modifications that are not incidental or ongoing repair to the property.

The outcome of capital improvements would be the amelioration of a material condition, defect or the adaptation of the property to a new or different use. This policy is used to guide the MSF trustees on a case-by-case basis based on the merits of a proposal.

2.3 Grants that Support WSA

It is understood that the responsibility for funding the activities of the international helpers and the projects of the international archives rests solely with WSA. In this way the ongoing financial support pertaining to these activities and projects remains under the purview of WSA.

Nonetheless, the Foundation may support WSA with these two activities if needed. MSF has identified both international helpers and international archives as compatible with its mission to support the worldwide growth and long-term development of Subud. These following policies do not attempt to limit the responsibilities of WSA regarding the work of the international helpers or projects prioritized by the international archive team. It only defines the parameters under which MSF may provide funds that support the purposes of these two groups:

2.3.1 International Helper Policy

It is the policy of the Muhammad Subuh Foundation to support (funds permitting) travel by the international helpers of the World Subud Association.

The Foundation limits its funds to those allowed in the WSA travel reimbursement policies as approved by the WSA Board of Directors. This includes reimbursement to travel to world and national congresses, zonal meetings, kejiwaan events and countries to focus on the

development of helper dewans. MSF considers these funds to be supplemental to the support provided by WSA.

MSF is not permitted to reimburse funds directly to an individual international helper. Any funds earmarked for international helpers travel should not flow through MSF but should be submitted directly to WSA.

2.3.2 International Archives Policy

The policy of the Muhammad Subuh Foundation is to support (funds permitting) the international archives of the World Subud Association particularly as it relates to the preservation, storage, dissemination and access to YM Bapak and Ibu Siti Rahayu media (print, magnetic, film and digital).

This includes the preservation and storage of the original as well as master copies of their media. It further includes the dissemination and access to such media through the Lucienne and Francois Farkas Permanent Endowment Fund (funds permitting). The management and application of distributable funds through the Farkas Endowment are not superseded, limited to, or replaced by this policy.

The Foundation limits its funding to archival projects that have been identified and authorized in the Annual Plan submitted by the WSA Archive Team as approved by the WSA Board of Directors. This includes funds that support the WSA portions of international archive centers in approved countries as well as funds for the storage of material in a secure, environmentally-controlled facility that conforms to reasonable quality standards for long-term archival conservation. MSF considers these funds to be supplemental to the support provided by WSA.

The Foundation is not permitted, nor will it provide, funds for management, stipends or salaries for the administration of international archive centers or their staff. The Foundation will not act as a flow through agency used to offset archival responsibilities of WSA. Donors that earmark funds to the international archives through MSF are subject to this policy. Exceptions may apply to any permanent endowment.

3. GRANT PROCEDURES

3.1 Application

Annual grant deadline date: To be defined by BoT each year.

Application form will be posted on the MSF website.

3.2 Call for proposals

Between 4 and 6 months before the grants deadline, there is a 'Call for Proposals' in all Subud media.

3.3 Grant applications

Tracking document is used to follow up the applications.

Due diligence of administrator is:

- Initial review of the Grant Application with request to applicant to complete any unfilled sections or missing information.
- Review information from IH, Zone Rep and National Committee.
- Once the application is complete (with all supporting documents and photos) it is uploaded to an Evaluation Grid Doc on Google Drive and shared with the BoT.
- Application requires the approval and signature of the National Chair.

3.4 Grant summary updates

Summary updates to review process will be sent to the BoT.

3.5 Board discussion and vote to decide awards

Discussion of grants is completed during executive session which is closed to the public. Voting may occur at any board meeting or online. Actions taken by the trustees shall be recorded in the minutes of record.

Trustees commit to making decisions and carrying out actions with inner guidance and common sense.

Proper feedback will be provided to those groups that had unsuccessful proposals i.e., did not receive an award in whole or in part in order to assist the group in understanding weaknesses in the application if they wish to re-apply.

3.6 Notifications and Agreements

a) Awards can only be made after the annual Budget is approved by both the MSF trustees and the WSA directors. The notification letter (see attachment 7) is used for grants.

b) Recipients receive a notification letter informing them of the outcome of their application. If the grant is awarded the recipient must sign and return an agreement letter.

c) When the signed agreement letter is returned to the administrator then the motion recorded in the BoT Minutes and the applicant's bank information is sent to the executive director, treasurer and accountant. Funds are transferred only when needed to execute the project. Documentation will be required in order to prove the start of the project, this may include: legal permits, estimation of labor, contracts, materials, etc.

d) The MSF treasurer authorizes either the executive director or the accountant to transfer the funds to the recipient. Once the transfer is executed the executive director notifies the administrator who informs the grantee of the approximate arrival date of the wire transfer and confirmation is required from the recipient once funds are received. Tracking number and date of the wire will be properly recorded.

e) Write an article about the grant awards for Subud media and the MSF eNewsFlash. Include photos of the groups or/and houses for the MSF Annual Report.

3.7 Reporting by the grantee

Send an annual report form to the recipient at the end of the recipient's fiscal year, in the year they received the grant, usually Dec 31. This report must include:

- The use of the grant funds (whether the grant funding has been completely used, partially used or not used at all).
- Compliance with the terms of the grant.
- Progress toward achieving the purpose or the outcome of the grant.

The annual report form is due back three months after the end of the recipient's fiscal year, usually March 31 or three months after the project has been completed.

A summary report of recipient's project status will be shared with BoT at least once a year or as requested. This report may also include information regarding what groups have outstanding loans if applicable.

A final narrative and financial Report Form are sent to the Grantee once the project is completed. In addition to accounting for the use of the funds during such fiscal year, the final financial report must cover all expenditures of given funds during all previous fiscal years. It

must indicate all expenditures made in such budget categories as: legal permits, labor, contracts, materials, etc. This includes all receipts and expenditures for the project.

Reports must provide a reasonable basis for determining that the grantee has used given funds in compliance with the terms of the award and indicate the outcome progress made by the grantee towards the purpose for which the grant was awarded.

The BoT may require an independent verification of reports received from recipients when there is a reasonable doubt concerning the accuracy or reliability of the final report.