

Question

Are destination marketing organizations (DMOs) that operate as 501(c)(6) non-profits eligible for EDA assistance?

Answer

As a general matter, non-profit DMOs may be eligible for EDA assistance so long as the organization:

- Is engaged primarily in promoting a community or region as opposed to a specific business;
- Provides documentation that it is acting in cooperation with officials of a political subdivision of a State; and
- Operates as an eligible non-profit as determined by EDA.

Of course, any proposed project must meet all other eligibility requirements under the relevant NOFO. For CARES Act Recovery Assistance, this means the DMO must show that any proposed project will help the relevant community or region respond to the impacts of the coronavirus pandemic. And, as required of all non-profit applicants, the DMO must submit documentation of its status as a non-profit (i.e., current certificate of good standing, Articles of Incorporation, and By-Laws), along with sufficient documentation that the organization is acting in cooperation with officials of a political subdivision of a State.

Project example

For example, assume a DMO submits an application for CARES Act Recovery Assistance for a campaign to support a particular community attraction or a regional food specialty. EDA assistance may be able to support such a project, so long as the applicant DMO's organizational documentation shows that its purpose is to support the community/region, the DMO provides documentation that it is acting in cooperation with officials of a political subdivision of a State, and the application meets all other requirements of the CARES Act NOFO Addendum.

Competitiveness/Policy Considerations

Even if a given application is eligible for EDA assistance, EDA must assess the application's competitiveness in the context of other worthwhile projects that may have been submitted for funding. EDA expects to receive many more quality applications for funding than it can fund using CARES Act funds. In considering the application's competitiveness, EDA may consider whether and the extent to which:

- The applicant is able to clearly identify (ideally with reliable data) the impact of the proposed project on the community or region;
- The application is part of a larger State-wide or regional strategy (including a tourism or marketing strategy); and/or
- The DMO has public or community representation on its governing body, which can come in a variety of forms, including representatives from a State institution of higher education, a local school district, a neighborhood or community association, or a local government.

Applicants are strongly encouraged to contact the EDA representative for their State or region who can be found at <https://www.eda.gov/contact/>.

Special cost considerations that may arise in DMO projects

EDA will have to carefully review the proposed project to ensure that all costs are eligible. Please be aware of 2 CFR § 200.421 “Advertising and public relations”, which limits the allowability of advertising and public relations costs in certain contexts. Briefly, 2 CFR § 200.421(a) defines “advertising costs” as “the costs of advertising media and corollary administrative costs” and specifies that “advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.” In addition, 2 CFR § 200.421(c) specifies that “public relations costs” include “community relations and means those activities dedicated to maintaining the image of the non-Federal entity or maintaining or promoting understanding and favorable relations with the community or public.” The following table provides reference to allowable costs that are likely to be relevant to awards to eligible DMOs.

Allowable advertising costs include:	Allowable public relations costs include:
<ul style="list-style-type: none"> • The procurement of goods and services for the performance of a Federal award 	<ul style="list-style-type: none"> • Costs specifically required by the Federal award
<ul style="list-style-type: none"> • Program outreach and other specific purposes necessary to meet the requirements of the Federal award. 	<ul style="list-style-type: none"> • Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Federal award (these costs are considered necessary as part of the outreach effort for the Federal award)

The provision at 2 CFR 200.421(e) provides that all advertising and public relations costs other than those required for the performance of a federal award are **unallowable**. In addition, the provision also specifies the following as **unallowable**:

- Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also § 200.432 Conferences), including:
 - Costs of displays, demonstrations, and exhibits;
 - Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
 - Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;
- Costs of promotional items and memorabilia, including models, gifts, and souvenirs; and
- Costs of advertising and public relations designed solely to promote the non-Federal entity.

Please note that most of the advertising and public relations costs that are unallowable under 2 CFR 200.421 relate to marketing/advertising costs of the organization itself or to its other activities. However, there is a firm prohibition on “costs of promotional items and memorabilia, including models, gifts, and souvenirs.” Any similar items proposed under the award should be identified by the applicant carefully reviewed to make sure they do not fall within the prohibition.

As noted above, please contact the EDA representative for your State or region who can be found at <https://www.eda.gov/contact/>.