

Sample Foreign Grant Expenditure Responsibility Letter

The Family Advisor: Grantmaking Issues

Date

Name

Address

City, State, Zip

Dear _____:

I am pleased to be able to inform you that action has been taken by the trustees of the Foundation to make available up to \$_____ to [organization] . This grant is available during _____ (the "grant period"), at the end of which time any unexpended balance will revert to the fund.

In recommending this grant, it was the trustees' understanding that the funds would be used toward the budget of _____.

Because we are a private foundation under the United States Internal Revenue Code, our grants are subject to rather stringent requirements which vary depending on the nature of the grantee organization. In the case of an organization such as yours, which has not been determined to be tax-exempt by the United States Internal Revenue Service, as a condition to making any grant payment we are required to secure your agreement with respect to a number of procedural and substantive matters described in the addendum attached to this letter.

To confirm your organization's agreement with the conditions set forth in this letter and addendum, please sign and return the enclosed copy of this letter.

After receipt of the enclosed copy of this letter, with the form of acceptance signed by you or your authorized deputy, we shall ask our Treasurer to make immediate payment of the grant. We shall appreciate receiving a report on the substantive outcome of the grant soon after its termination.

All reports required under this letter agreement should be sent to:

Foundation Contact

Address

It is a pleasure to report this action to you.

Sincerely,

The undersigned organization, which has a fiscal year that ends _____, agrees to the terms and conditions set forth in this letter and the addendum attached hereto.

By: _____

ADDENDUM

1. Segregated Fund. The grantee must agree to maintain all grant payments received from the Fund in a separate, segregated fund from which amounts will be expended solely for religious, charitable, scientific, literary or educational purposes.
2. Distribution and Expenditure Requirements. Each grantee must agree to make expenditures, for its educational, scientific, charitable, and similar purposes together with administrative expenses, not later than the end of the period consisting of the fiscal year in which the grantee receives any payment on a grant from the Fund and the following fiscal year, in an amount that is not less than the sum of:
 - a. the total amount received during the first fiscal year from the Fund and from all other U.S. private foundations which have imposed this distribution requirement; and
 - b. five percent of the fair market value of the grantee's assets not used or held for use directly in carrying out charitable purposes during the first fiscal year.

If, as a result of extraordinary circumstances, the grantee is unable to make all of the required expenditures during any distribution period, the grantee must return any unexpended grant funds to the Fund prior to the end of such distribution period.

3. Reports Concerning Expenditures. Promptly after the end of the second fiscal year in any distribution period the grantee must furnish to the Fund a statement signed by an officer showing (a) that such expenditures have been made, (b) the names and addresses of the persons receiving such expenditures (except that in the case of administrative expenses, a general description of the purpose of such expenditures will be sufficient), and (c) that the amount of such expenditures is not less than the amount required by paragraph 2, above.
4. Reports Concerning Use of Grant Funds.
5. Except with respect to grants to which subparagraph (b) applies, promptly after the end of each fiscal year in which the grantee receives any payment on a grant or has in its possession any unexpended grant funds, it should send the fund a report, signed by an officer, on the manner in which the funds were spent, compliance with the terms of the grant, and the progress made in accomplishing the purposes of the grant.

6. If a grant is made for endowment, for the purchase of capital equipment, or for other capital purposes, the grantee must furnish a report to the Fund, signed by an officer, promptly after the end of each fiscal year in which any such grant funds are received and the two immediately succeeding taxable years, as to the use of the principal of, and the income (if any) from, the grant funds.
7. Recordkeeping. The grantee must agree to preserve, for a period of at least four years after the grant funds have been expended, separate records with respect to the receipt and expenditure of such funds and to make such records available for inspection by the Fund if requested.
8. Prohibited Use of Grant Funds. No grantee may use any funds received from the fund:
 - a. for any purpose other than the purpose for which the grant was made;
 - b. to carry on propaganda, or otherwise attempt to influence legislation;
 - c. to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive;
 - d. without the Fund's prior written approval, to make a grant to any individual for travel, study, or other similar purposes, or to make a grant to any organization; or
 - e. for other than religious, charitable, scientific, literary, or educational purposes.