

Sample Expenditure Responsibility Grant Agreement and Pre-Grant Inquiry

Date

Name

Address

City, State, Zip

Dear _____:

The trustees of The _____ Foundation are pleased to inform you that a grant has been approved in the amount of \$_____ for [description of grant].

This letter and its attachments outline the terms and conditions of accepting our grant. Please read all the terms and conditions carefully, sign, and return along with this signed contract letter no later than [date to be returned]. After we receive your signed contract, we will mail you a check within two weeks.

the funds must be used specifically for the designated purpose(s) by [one year from date of grant]. you must submit a written request to us in advance if you wish to change the purpose of the grant or if the funds are not expended within the next 12 months.

Upon signing this contract, your agency states that you agree to notify us if there is any change in your public charity status. In addition, we will request a report on the expenditure of our grant after six months and a final report after one year. When available, please furnish us with a copy of any audited statement of the finances of the project.

This contract also gives the Foundation your permission to use photographs, logos, published/printed information, and any other materials you supply, without further notice, in press releases and/or publications.

Congratulations on this recognition of your important efforts. We look forward to working with you during the coming year.

Sincerely,

ACCEPTED AND AGREED:

Executive Director

PRE-GRANT INQUIRY FOR "EXPENDITURE RESPONSIBILITY" GRANTS
FOR INTERNAL USE BY THE _____ FOUNDATION

This form is to be completed by an officer of The Foundation before it makes any grant to an organization with respect to which The Foundation must exercise "expenditure responsibility." The purpose is to establish the fact that prior to the grant The Foundation conducted a limited advance investigation as a means of getting reasonable assurance that the grant will be used for the proper purposes.

1. Name of the proposed grantee:
2. When was the organization founded:
3. Essential institutional character and function or purpose of the proposed grantee (e.g., educational institution, research institution, etc.):
4. Names and titles of chief personnel of the proposed grantee, including a brief statement as to how their background and experience contribute to the intended purpose of the grant:
5. Summary of previous grants or other assistance (if any) made by The Foundation to proposed grantee, including whether proper use of grants was made and whether required reports were filed with The Foundation:

NOTE: If the proposed grantee has properly used all prior grants, filed the required reports and there has been no major change in its character or personnel, no additional pre-grant inquiry is necessary and questions 6 through 9 may be omitted.

6. Summary of grants awarded by other foundations to the proposed grantee including the amount of the grant, date awarded and the purpose of the grant (comment on whether the proposed grantee has had a history of compliance or non-compliance with the terms of

these grants)

7. Briefly describe the scope of your inquiry into the activities and practices of the proposed grantee and note any factors which you felt justified limiting the scope:

8. Brief summary of knowledge of The Foundation, based on prior experience or other information readily available, concerning the prior history and experience of the proposed grantee and its chief personnel including grantee's activities and practices (or reference to specific documents in The Foundation's files covering these points):

9. Brief statement of basis for conclusion that the proposed grantee will use the grant for the proper purposes (or reference to specific documents in The Foundation's files covering these points):

Fund Officer / Date

GENERAL GRANT TERMS, CONDITIONS AND UNDERSTANDINGS
FOR EXPENDITURE RESPONSIBILITY

In addition to the specific *terms and conditions in the grant award letter dated _____, to which these* General Grant Terms, Conditions and Understandings are attached, The _____ Foundation (The Foundation) is awarding this grant to you as the Grantee contingent upon the following:

Expenditure Responsibility:

Because you are not currently recognized by the Internal Revenue Service as a public charity as described in sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986 as amended (the "Code"), all grant funds must be kept segregated continuously in a separate fund dedicated to the purposes of the grant, and no part of this grant may be used for your general support or general purposes. This grant is an "expenditure responsibility" grant within the meaning of section 4945(h) of the Code. Thus, The Foundation must (i) see that the grant is spent solely for the purposes for which made; (ii) obtain full and complete reports from you on how the funds are

spent; and (iii) make full and detailed reports with respect to such expenditures to the Internal Revenue Service. By accepting this grant, you agree to cooperate fully with The Foundation to assure that The Foundation is able to satisfy all of the requirements of an "expenditure responsibility" grant in accordance with section 4945(h) of the Code and the regulations thereunder.

Expenditure of Funds:

This grant (together with any income earned upon investment of grant funds) is made for the purpose outlined in the grant award letter and may not be expended for any other purpose without The Foundation's prior written approval.

If the grant is intended to support a specific project or to provide general support for a specific period, any portion of the grant unexpended at the completion of the project or the end of the period shall be returned immediately to The Foundation.

You may not expend any grant funds for any political or lobbying activity or for any purpose other than one specified in section 170(c)(2)(b) of the Code.

No Assignment or Delegation:

You may not assign, or otherwise transfer, your rights or delegate any of your obligations under this grant without prior written approval from The Foundation.

Records and Reports:

You are required to keep a record of all receipts and expenditures relating to this grant and to provide The Foundation with a written report summarizing the project promptly following the end of the period during which you are to use all grant funds. The Foundation may also require interim reports. Your reports should describe your progress in achieving the purposes of the grant and include a detailed accounting of the uses or expenditure of all grant funds. You also agree to provide any other information reasonably requested by The Foundation. If your organization obtains any audited financial statements covering any part of the period of this grant, please provide a copy to The Foundation as well. You are required to keep the financial records with respect to this grant, along with copies of any reports submitted to The Foundation, for at least four years following the year in which all grant funds are fully expended.

Required Notification:

You are required to provide The Foundation with immediate written notification of: (1) any changes in your organization's tax-exempt status; (2) your inability to expend the grant for the purposes described in the grant award letter; or (3) any expenditure from this grant made for any purpose other than those for which the grant was intended.

Reasonable Access for Evaluation:

You will permit The Foundation and its representatives, at its request, to have reasonable access during regular business hours to your files, records, accounts, personnel and clients or other beneficiaries for the purpose of making such financial audits, verifications or program evaluations as The Foundation deems necessary or appropriate concerning this grant award.

Publicity:

You will allow The Foundation to review and approve the text of any proposed publicity concerning this grant prior to its release. The Foundation may include information regarding this grant, including the amount and purpose of the grant, any photographs you may have provided, your logo or trademark, or other information or materials about your organization and its activities, in The Foundation's periodic public reports, newsletters, and news releases.

Right to Modify or Revoke:

The Foundation reserves the right to discontinue, modify or withhold any payments to be made under this grant award or to require a total or partial refund of any grant funds if, in The Foundation's sole discretion, such action is necessary: (1) because you have not fully complied with the terms and conditions of this grant; (2) to protect the purpose and objectives of the grant or any other charitable activities of The Foundation; or (3) to comply with the requirements of any law or regulation applicable to you, of The Foundation or this grant.

If The Foundation does not receive signed copies of its grant award letter and of these general grant terms within 14 days after the date of The Foundation's grant award letter, this grant may be revoked.

The undersigned certify that they are duly elected and authorized officers of the Grantee and that, as such, are authorized to accept this grant on behalf of the Grantee, to obligate the Grantee to observe all of the terms and conditions placed on this grant, and in connection with this grant to make, execute and deliver on behalf of the Grantee all grant agreements, representations, receipts, reports and other instruments of every kind.

ACCEPTED AND AGREED TO:

Organization Name

Board Chair (typed/printed)

Board Chair (signature)/Date

Executive Director (typed/printed)

Executive Director (signature)/Date