

ABC FOUNDATION  
GRANT AGREEMENT\*

We understand that «Org\_Legal\_Name» is a private foundation described in Sections 501(c)(3) and 509(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Accordingly, this grant must be subject to the expenditure responsibility rules under the Code. As a condition of a total grant of «Request\_Grant\_Amount» from the ABC Foundation to «Org\_Legal\_Name», the terms of which are further set forth in the attached letter dated [INSERT MAILING DATE], the undersigned hereby agrees to the following terms:

1. To use the funds and any accrued interest on them only for the following: «Request\_Project\_Title», and as further set forth in the attached letter dated [INSERT MAILING DATE].
2. To use the funds only for the designated purpose and not to use the funds for any purpose prohibited by law, including these purposes specified in Section 4945 of the Code:
  - To intervene in any campaign for public office, for a voter registration drive, or for lobbying. For these purposes, “lobbying” is attempting to influence legislation at any level of government through attempts to influence public opinion on a legislative subject or direct communications with those who formulate legislation. Nonpartisan analysis, study, and research is permitted.
  - To make grants to individuals for travel, study, or other similar purposes by such individuals (such as scholarships, fellowships, or grants for research), unless such grants satisfy the requirements of Section 4945(g) of the Code.
  - To make any grant to any other organization (other than to public charities or exempt operating foundations) which does not comply with the requirements of Sections 4945(d)(3) or (4) of the Code.
  - To undertake any activity for any purpose other than one specified in Section 170(c)(2)(B) of the Code.
3. To repay any portion of the grant which is not used for the designated purpose.
4. To submit progress reports of activities carried on under the grant, evaluations of what the grant accomplished, verification of compliance with the terms of the grant, and complete financial reports detailing use of the grant funds according to the attached schedule, which lists reports for each year in which the grant is open, due 60 days after the close of your fiscal year end. The annual financial report must contain details of expenditures, such as salaries, travel, supplies, and the like. These reports should also include a signed statement that all distributions were treated as distributions out of corpus within the meaning of Section 4942 of the Code.
5. To expend all of the Foundation grant funds so as to enable the ABC Foundation to count the grant as a qualifying distribution within the meaning of Section 4942(g)(3) of the Code; therefore agreeing to expend all ABC Foundation funds for charitable purposes and to make such other expenditures as to ensure that the payment of ABC Foundation grant funds is treated as having been made out of corpus within the meaning of Section 4942(g)(3); neither reporting undistributed income within the meaning of Section 4942(c) nor counting the expenditure of ABC Foundation funds as a qualifying distribution.
6. To maintain records of receipts and expenditures and to make its books available to the ABC Foundation at reasonable times. Since you are classified by the Internal Revenue Service as a private foundation, United States law requires that such accounting records, as well as copies of the reports submitted to the Foundation, be kept by your organization for at least four years after completion of the use of the grant funds.

7. To not incur any liabilities in reliance on the grant until the funds are received unless specifically approved by the ABC Foundation.
8. That any grant payment may be discontinued, modified, or withheld at any time when, in the judgment of the ABC Foundation, such action is necessary to comply with the requirements of law or this agreement.
9. Consistent with Executive Order 13224 and the Patriot Act, no portion of the grant will be used to support terrorism, or will be diverted to other individuals or organizations which have assisted, sponsored, or provided financial, material, or technological support for terrorists or persons associated with terrorists.

«ORG\_LEGAL\_NAME»

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

ABC FOUNDATION

By \_\_\_\_\_  
President

\_\_\_\_\_  
Date

#«Request\_ID»

Source:

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