



Grant Administration Guidelines

Introduction – IRS requirements

As a 501 (c) (3) tax exempt public charity, Mona Foundation has certain legal limitations and obligations we must observe.

The following excerpts from IRS publication 578 clarify our position.

Grants to Individuals: If the Foundation makes or awards grants, scholarships or other payments to individual beneficiaries...to carry out the Foundation's exempt purpose, the payments will be treated as qualifying distributions made directly for the active conduct of exempt activities only if the Foundation maintains some significant involvement in the active programs in support of which it makes the payments. The Foundation will be considered as maintaining a significant involvement in grant making if the Foundation operates as follows:

- An exempt purpose of the Foundation is the relief of poverty or human distress....
- The grants or other payments for the exempt purpose are made directly by the Foundation without the help of an intervening organization or agency, and
- The Foundation has a salaried or voluntary staff of administrators...who supervise and direct the exempt activities on a continuing basis

“Expenditure Responsibility” means that the Foundation exerts all reasonable efforts and establishes adequate procedures:

- To see that the grant is spent only for the purpose for which it is made
- To obtain complete reports from the grantee organization on how the funds are spent, and
- To make full and detailed reports on the expenditures to the IRS

Pre-grant Inquiry. If expenditure responsibility must be exercised, the Foundation should conduct a limited inquiry concerning the potential grantee before the grant is made. The inquiry should deal with matters such as identity, history and experience, management, activities and practices of the grantee organization, and should be complete enough to give reasonable assurance that the grantee will use the grant for the purposes for which it is made.

Terms of the Grants: To meet the expenditure responsibility requirements, each grant must be made subject to a written commitment signed by an appropriate officer, director, or trustee of the grantee organization. This commitment must include the following agreements by the grantee:

- To submit annual reports to the grantor Foundation on the way the funds are spent and the progress made in accomplishing purposes of the grant
- To keep records and accounts of expenditures and to provide reports to the Foundation as it may require.

- Not to use any of the funds to influence legislation, to influence the outcome of elections, to carry on voter registration drives, to make grants to individuals or other organizations, or to undertake any non-exempt activity, when such use of the funds would be a taxable expenditure if made directly....
- To repay any amount not used for the purposes of the grant

IRS Publications 578, pp. 2-25

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The following criteria serves as guideline for grant administration if a 'pre-grant inquiry' or proposal is approved and adopted for support by the Foundation's board of directors. The Foundation reserves its right to change these guidelines as needed to meet IRS or our funding agencies' requirements.

These guidelines presently meet the IRS requirements of active conduct of the Foundation's exempt activities, significant involvement, and expenditure responsibilities in cases where grants are given to non-exempt organizations.

- The Foundation conducts a "Pre-grant inquiry" submitted in the form of a written proposal to its board of directors, by consultations with key institutions and individuals with knowledge of the applicants. Site visits may also form part of the pre-grant inquiry process.
- Upon approval of the proposal by the Foundation's board of directors, each grant will be subject to a written commitment signed by an authorized officer, director, or trustee of the grantee organization. While the Foundation may adopt certain terms of this agreement to meet the exigencies of different projects, this commitment will generally include the following agreements by the grantee.
 - To assign a designated person(s) responsible for the site management of the project, and for communication with the Foundation
 - To receive funds in trust based on agreed upon outcomes
 - To use funds only for specified and approved purposes of the grant as outlined in the proposal
 - To satisfy the following reporting requirements:
 - **Accounting and auditing**
 - To provide twice a year reports to the Foundation, based on accepted accounting procedures, which will show specific use of the funds for the reporting period
 - To keep records of expenditures and to provide the Foundation the financial reports it requires
 - To repay any amount not used for the purposes of the grant
 - **Evaluation & Assessment**
 - To receive representatives of the Foundation for sites visits at least once every two years
 - To provide written bi-annual progress reports covering general progress of the project during the reporting period against the proposal objectives and expected outcomes.

The staff of Mona Foundation will collaborate closely with the projects the Foundation supports to prepare the above-mentioned reports.