CROSS-BORDER GRANT MAKING BY PRIVATE FOUNDATIONS

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BIOGRAPHY

Jane Peebles is a principal in the law firm of Karlin & Peebles, LLP, in Los Angeles, California. A frequent lecturer on sophisticated estate and charitable planning, Jane has also published several articles on domestic and international estate and charitable planning and is the author of *The Handbook on International Philanthropy*. Her practice areas are estate and charitable planning. She counsels high net worth individuals, family owned businesses, nonprofit organizations and philanthropists.

Jane is a Fellow of The American College of Trust and Estate Counsel and has been certified by the California State Bar Association as a specialist in Estate Planning, Trust and Probate Law. She has been voted by her peers to be a Southern California Super Lawyer every year since 2005 and a Best Lawyer in America in Trusts and Estates since 2007.

Representative Publications

- "International Estate Planning," Major Tax Planning (Proceedings of the 61st Annual Institute on Federal Taxation of the USC Law School), published summer 2009 (co-author with Michael Karlin)
- "Implications of the Anti-Terrorist Financing Rules for U.S. Charities Making Grants for Use Abroad," Family Foundation Advisor, Volume 7, No. 1 (November/December 2007)
- "Emerging Legal Issues in International Philanthropy," Perspectives on Foundation Management: Innovation and Responsibility at Home and Abroad, John Wiley & Sons (2002)
- "Estate Planning Design and Drafting After the EGTRRA," Major Tax Planning, University of Southern California, Matthew Bender (2002)
- "Hot Topics in Charitable Giving, "Major Tax Planning, University of Southern California, Matthew Bender (2000)
- "Creative Uses of Charitable Lead Trusts," Major Tax Planning, University of Southern California, Matthew Bender (1999)
- "Cross-Border Gifts," Journal of Gift Planning (2nd Quarter 1999)
- "Charitable Gifts of Retirement Plan Assets," Planned Giving Design Center Website (April 1999)
- "The Handbook of International Philanthropy," Bonus Books (Chicago, 1998)
- "Tax Planning for Cross-Border Philanthropy by U.S. Donors," Trusts & Estates Magazine (May 1998)
- "Here There Be Dragons: Navigating the Waters of Cross-Border Philanthropy," Thirty-First Annual University of Miami Philip E. Heckerling Institute on Estate Planning, Matthew Bender (1997) (Lecturer)
- "Socially Responsible Investment and the Private Trust," Probate & Property Magazine (July/August 1992) (Co-author)
- "A Primer on U.S. Estate and Gift Taxation of Aliens," Major Tax Planning, University of Southern California, Matthew Bender (1991) (Co-author)

Awards and Honors

- Top 50 Female Super Lawyer, *Los Angeles* magazine, 2005, 2006 and 2007
- Southern California Super Lawyer, *Los Angeles* magazine, 2008 - 2011
- Best Lawyer in America in the field of Trusts and Estates, 2008-2011

Philanthropic Endeavors

- Member and Director (2003-2006), National Committee on Planned Giving
- Member, Planned Giving Roundtable of Southern California
- Founder and Member, The Women's Leadership Council
- Director, Liberty Hill Foundation
- Member, Council on Foundations
- Member, Jewish Community Foundation Greater Los Angeles Professional Advisory Committee
- Member, Wealth Advisory Council, Charities Aid Foundation America.

CROSS-BORDER GRANT MAKING BY PRIVATE FOUNDATIONS

by

JANE PEEBLES, J.D.

As the world becomes increasingly globalized, international charitable giving by Americans has been steadily, and dramatically, increasing. Contributions by U.S. individuals and private foundations to fund charitable projects abroad are subject to complex tax rules. However, there are several of alternatives to effectuate international charitable giving while ensuring tax deductions for contributions by individual donors and qualifying distribution status for grants by U.S. private foundations.

I. THE BASIC RULES

The basic U.S. income tax rules governing the deductibility of charitable gifts by individuals for use abroad are easy to summarize: Such direct gifts to foreign charities are not deductible for income tax purposes but generally are deductible for gift and estate tax purposes. Similarly, the basic rules governing whether a U.S. tax-exempt organization may safely make grants to foreign organizations may be simply stated as follows: A U.S. charity may make such grants if its board takes appropriate steps to allow it to fulfill its fiduciary duty to see that the funds will, in fact, be used for charitable purposes as defined in the Internal Revenue Code (the "Code").

The Code does not allow U.S. individuals any income tax deduction for direct contributions to foreign charities. An income tax deduction is permitted only if the donee organization was created or organized in the United States or any possession thereof, or under the laws of the United States, any state, the District of Columbia or any U.S. possession. In the absence of an applicable treaty exception, if a U.S. individual donor wants a deduction against U.S. income for a gift to a foreign charity, the donation must be made to a U.S. tax exempt organization which operates abroad or can make grants abroad. Such donation to a U.S. charity is deductible only if it is to be used for charitable purposes as defined in Section 170(c) of the Code. A gift by a U.S. donor to a U.S. charity for use abroad may be made through a "friends of" organization, community foundation or other U.S. public charity, or through a U.S. private foundation. In each case, the Treasury has specified rules and guidelines intended to ensure that the use of the funds remains within the discretion of the U.S. donee organization and that the funds are utilized to further its charitable purposes.

A. Donations to U.S. Charities Operating Abroad.

An easy way for a U.S. individual to obtain an income tax deduction for a charitable donation to be used abroad is to make it to a U.S. public charity that operates abroad through a foreign branch office or subsidiary. As long as the foreign branch or subsidiary is under the complete control of the U.S. charity, the U.S. charity is considered to be the true beneficiary, and an income tax deduction is permitted. The critical point is that the funds are to be used in a foreign country by a U.S. organization as opposed to being used by a foreign organization. A number of U.S. charities, such as the Red Cross, CARE and Oxfam

America, have broad-based direct programs abroad. The U.S. donor may earmark contributions to such charities for a particular foreign program of the U.S. charity as long as the earmarking is limited to programs subject to total control by the U.S. donee organization. Gifts may not be earmarked for re-granting to a particular foreign charity.

B. Donations Via "Friends of" Organizations.

Contributions by U.S. individuals for use abroad may also be made via "friends of" or "feeder" organizations, which are U.S. public charities formed to support a foreign charity or charities. A U.S. donor who wished to benefit a program of a particular foreign university, for example, could make a donation to a U.S. organization formed to support that foreign entity. These organizations frequently have names such as "American Friends of Oxford University."

C. Donations Via Donor Advised Funds or Community Foundations.

A U.S. individual can also obtain an income tax deduction for a charitable gift for use abroad when the gift is made to a Donor Advised Fund or Community Foundation, which, in turn, makes a foreign grant of the funds. Some specialize in international grantmaking such as CAF America, The Boston Community Foundation and Silicon Valley Community Foundation.

D. Donations Via Private Foundations.

A cross-border charitable gift may also be made by means of a contribution to a U.S. private foundation, which then makes grants to foreign charities. Stringent rules apply to such foreign grants, however, and the donor will want to be sure that the procedures of the private foundation meet IRS guidelines for assuring that the foundation has ultimate discretion over the use of the funds and adequate procedures in place to ensure the funds are used only for purposes recognized by U.S. taxing authorities as charitable purposes.

E. Treaty Exceptions.

The U.S. income tax treaties with Canada, Israel and Mexico contain more generous provisions regarding deductions for gifts by U.S. persons to charities in the foreign jurisdiction. Under limited circumstances, these treaties allow U.S. donors to deduct donations to charities in the contracting state against their foreign-source income from that jurisdiction.

II. RULES APPLICABLE TO U.S. PRIVATE FOUNDATIONS MAKING GRANTS ABROAD

U. S. private nonoperating foundations making grants abroad will want to determine whether the foreign grant counts as a "qualifying distribution" for purposes of five percent payout rule under Section 4942 of the Code.

The availability of income tax charitable deductions for grants abroad is not a concern for private foundations, since they are generally not subject to income taxes in any event. However, if a private foundation fails to make sufficient qualifying distributions annually of amounts equal to five percent of the aggregate fair market value of all of its assets, it will be subject to an excise tax in that year. The term “qualifying distribution” is defined by reference to qualifying charitable purposes and the tax classification of the recipient, rather than by the location of the grantee. The taxable expenditure provisions of the Code also have a substantial impact on grants abroad by private foundations. A private foundation makes a taxable expenditure subject to excise tax if it makes a grant (i) for any purpose other than one specified in Section 170(c)(2)(B) of the Code or (ii) to an organization that is not a public charity (or foreign equivalent of a U.S. public charity) unless the private foundation exercises “expenditure responsibility” with respect to the grant.

A. “Good Faith Determination.”

A grant by a U.S. private foundation to a foreign organization that has received an IRS determination letter that it is a public charity is always a qualifying distribution for purposes of the five percent minimum distribution rule. If the foreign donee does not have such a determination letter, and if the U.S. private foundation believes it can collect data to show that the proposed foreign grantee is the equivalent of a U.S. public charity, the private foundation will first try to make a "good faith equivalency determination." If this determination can be made, the foreign grant will be a qualifying distribution even if the U.S. grantor does not exercise expenditure responsibility.

In making a good faith determination, the private foundation may rely on an opinion from its counsel or the grantee's counsel or an affidavit of the grantee. However, if this method is used, each potential U.S. grantor private foundation must obtain its own lawyer equivalency letter or grantee affidavit, and the cost may be prohibitive for smaller foundations. In Revenue Procedure 92-94, the Internal Revenue Service (“IRS”) approved

a form of affidavit of the foreign grantee that may be relied upon by multiple U.S. grantors as long as it contains current information. This should help small foundations make their good-faith determinations at a reasonable cost.

B. *Expenditure Responsibility.*

The IRS used to require that a U.S. private foundation wishing to make a grant to a foreign charity first attempt to make a good faith determination that the foreign entity is the equivalent of a U.S. public charity. However, this equivalency determination is no longer required. On April 18, 2001, the IRS issued a general information letter allowing the U.S. private foundation to make such a grant subject to "expenditure responsibility" without first attempting a "good faith determination." Exercising expenditure responsibility entails making a pre-grant inquiry to allow the grantor to make a reasonable determination that the proposed grantee can fulfill the charitable purpose of the grant. An officer or director of the foreign grantee must also sign a written grant agreement specifying the charitable purpose of the grant and committing the grantee to:

1. Repay any funds not used for the grant's purpose;
2. submit annual reports detailing how the funds have been used, compliance with the grant agreement and the grantee's progress in achieving the purpose for which the grant was made;
3. maintain books and records which are made reasonably available to the grantor;
4. maintain the grant funds in a separate fund dedicated to one or more charitable purposes recognized under the Code; and
5. refrain from using any of the funds for lobbying, direct or indirect influence on any public election or voter registration drive, or any activity for a noncharitable purpose, to the extent such use of the funds would be taxable to a private foundation. The agreement will typically also prohibit the grantee from re-granting the funds to other organizations or individuals since that triggers additional complicated rules to minimize the odds that the funds will be diverted from charitable purposes. It should require the donee to maintain the grant funds in a separate fund dedicated to charitable purposes so that the donee may properly account for the funds.

The U.S. grantor private foundation must "execute all reasonable efforts to establish adequate procedures to see that the grant is spent solely for the purposes for which made" and obtain detailed annual reports from the grantee on how the funds are spent. It must also provide the IRS with annual reports on all expenditure responsibility grants and details about its expenditure responsibility grants.

C. Grants to Governmental Units.

Grants to foreign governmental units do not require either an equivalency determination or expenditure responsibility. The Treasury Regulations provide that a foreign organization will be treated as a public charity if it is a foreign government, or any agency or instrumentality thereof even if it is not described in IRC Section 501(c)(3). However, any grant to such a governmental unit must be for charitable, not public purposes. The U.S. grantor organization's file should contain:

1. documentation establishing that the grantee is a foreign government or governmental unit, and

2. a copy of its grant letter specifying the charitable purpose of the grant.

Ideally, the foreign government will sign a grant agreement of the sort required for grants subject to expenditure responsibility even though the grantor is not required to exercise expenditure responsibility.

D. The "Out of Corpus" Requirement.

If the foreign charity grantee is the equivalent of a U.S. private foundation, the U.S. foundation's grant to it must also meet the "out of corpus" requirement. A grant from one private foundation to another will not meet the definition of a qualifying distribution for purposes of application of the five percent minimum payout rules to the grantor unless the grantee satisfies the "out of corpus" rule. The "out of corpus" rule requires that any grant from one private foundation to another must be spent by the grantee within 12 months after the close of the taxable year in which it received the funds. One private foundation cannot make grants to endow another. The grantee must take the grant funds "out of corpus" and spend them within the required amount of time. This policy is designed to ensure that such private foundation grants will be used for the public benefit and not to build the recipient organization's investment portfolio.

Furthermore, the grantee foundation must provide records to the grantor foundation showing that: (i) the grantee met its minimum payout requirement before it received the grant, and (ii) the grantee satisfied its minimum payout requirement for the year in which the grant was received in addition to spending the grant. Since most foreign charities are unfamiliar with the minimum payout rules and do not maintain the records necessary to compute it, satisfying the "out of corpus" requirement frequently will not be possible. In such a case, the grantor may adopt one of the following approaches:

1. If the foreign grantee is small and spends all donations and grants in the year in which it receives the funds, the out of corpus rule is satisfied.

2. If the U.S. grantor private foundation's actual charitable distributions for other grants during the year far exceed its 5% minimum payout requirement, it can exercise expenditure responsibility over the grant to the foreign private foundation equivalent and simply not count the grant in meeting the minimum payout requirement. This would allow it to avoid the "out of corpus" rule entirely with respect to the grant.

3. In the alternative, if the grant to the foreign charity is earmarked for the purchase of capital equipment, and if the purchases are completed within 12 months after the close of the taxable year in which the foreign charity receives the funds, the "out of corpus" rule will be satisfied.

III. ANTI-TERRORISM FINANCING GUIDELINES

U.S. private foundations should also be aware of the potential for criminal prosecution, civil penalties and the freezing of their assets if they are found to have made contributions to foreign or domestic charities that engage in or support terrorism.

A. Executive Order 13224 and the Patriot Act.

Very soon after the terrorist attacks of 9/11/01, President Bush issued Executive Order 13224, “Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism” (the “Executive Order”). One month later, the USA PATRIOT Act, “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism” (the “Patriot Act”), was signed into law.

The Executive Order provides a means to disrupt the financial support network for terrorists and terrorist organizations by authorizing the U.S. government to designate and block the assets of foreign individuals and entities that commit, or pose a significant risk of

committing, acts of terrorism. It also authorizes the U.S. government to block the assets of individuals and entities that provide support, services, or assistance to, or otherwise associate with, terrorists and terrorist organizations designated under the Executive Order. The Executive Order specifically prohibits engaging in any transaction involving designated persons, "including but not limited to the making or receiving of contributions of funds, goods, or services."

Once an entity or individual is designated under the Executive Order, the Office of Foreign Assets Control ("OFAC") of the Treasury Department takes appropriate action to block the assets of the individual or entity in the U.S. The OFAC then adds the individual or entity to its list of "Specially Designated Nationals and Blocked Persons." The list is not limited to foreign organizations since U.S. individuals or entities (including U.S. charitable organizations) that provide support for terrorism may be designated persons. Of particular importance is that Executive Order 13224 does not require knowledge or intent, so that making a contribution to a designated entity may subject the donor to sanctions, even though the donor did not intend to support terrorism and did not know that the grant would be used for such purposes.

The Patriot Act supplemented existing criminal sanctions for providing materials or financial support for terrorism and for foreign terrorist organizations to expand the scope of criminal prosecution for providing support to terrorist organizations and increasing penalties for non-compliance. Under these supplemented provisions, substantial civil penalties or prison terms up to 15 years, or both, are imposed for providing material support or resources, knowing or intending that they will be used for terrorism or by a foreign terrorist organization. "Material support or resources" for this purpose is broadly defined and clearly would include grants used by a recipient to engage in terrorist acts or if the recipient is a foreign terrorist organization.

In June 2002, Title 18 was once again supplemented by criminalizing the "financing of terrorism," and imposing substantial civil penalties or prison terms of up to 20 years, or both, if a person willfully provides or collects funds with the intention that such funds be used to carry out acts of terrorism or to support a foreign terrorist organization. The Office of Foreign Assets Control's ("OFAC's") list of "Specially Designated Nationals and Blocked

Persons" includes organizations that have been designated as foreign terrorist organizations.

B. *Treasury Department's Anti-Terrorism "Best Practices".*

In November 2002, the Treasury Department issued "Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities," which were developed in response to concerns of members in the Arab-American and American Muslim communities about the decline in charitable giving in their communities in the aftermath of the Treasury Department's "blocking action" against three U.S. public charities found to support terrorist organizations. These guidelines are entirely voluntary but, according to the press release announcing the issuance of the guidelines, if a U.S.-based charity follows these guidelines, "there will be a corresponding reduction in the likelihood of a blocking order against any such charity or donors who contribute to such charity in good faith, absent knowledge or intent to provide financing or support to terrorist organizations."

In addition to containing certain standard suggestions for organizational transparency, the guidelines provide for U.S. organizations to perform significant due diligence and collect an abundance of information prior to distributing fund to foreign organizations.

The voluntary guidelines have been soundly criticized for failing to take into account existing laws requiring oversight of foreign grants and the experience of U.S. grant-makers in making such grants, for adopting a one-size-fits-all approach, for being so broadly and vaguely worded that compliance would be costly and difficult-if not impossible-to achieve, and for having a counterproductive effect of discouraging support for bona fide international charitable purposes. Charitable organizations have generally expressed dissatisfaction with the guidelines.

After considering comments made by U.S. charities in response to the voluntary guidelines and requests that the guidelines be withdrawn and reissued in a revised form (including producing a regularly updated and consolidated list of clearly identifiable blocked organizations and individuals), the Treasury Department invited a group of charitable organizations to engage in discussions regarding the guidelines on April 28, 2004. After the meeting, representatives of more than 25 charities worked to develop a more usable alternative to the guidelines. The new alternatives were released in final form in March

2005 in a document entitled “Principles of International Charity,” with the hope that they would replace the Treasury Department’s voluntary guidelines. Instead, Treasury issued revised guidelines which were responsive to only a few of the concerns raised by the nonprofit community.

C. Best Practices Under the Anti-Terrorist Financing Guidelines.

Most contributions to foreign charitable organizations have little risk of being diverted to support terrorism since they are made to well-known and reputable foreign charities. Nevertheless grant-makers engaged in international philanthropy should routinely assess the risk of such a diversion and adopt and follow policies and procedures so as not to inadvertently run afoul of the Patriot Act or Executive Order 13224. This is an area that is evolving, and the policies and procedures will vary depending on the nature of the particular grant and donee organization. A U.S. private foundation should take basic precautions when making grants to foreign charities, particularly if the proposed foreign donee is not a well-established charity:

1. Ensure that the proposed foreign charitable donee is not on the OFAC list of “Specially Designated Nationals and Blocked Persons.” One useful source where an organization’s name can be checked against this list is the Excluded Parties List System (“EPLS”), which can be found at www.epls.gov. The OFAC list is at www.treas.gov/office/enforcement/ofac.sdn. If an organization makes numerous foreign grants, the use of software programs to run automated checks should be considered, including those checking multiple terrorist lists, such as those of the Justice Department, the United Nations, and the European Union.

2. Conduct due diligence to ensure that the proposed foreign donee is a bona fide charitable organization. This should include obtaining organizational documents, financial statements and tax returns, information about the organization’s charitable programs, history, board of trustees and key employees, and the identity and qualifications of the individuals administering the grant. Knowing the foreign grantee organization is usually the best way to avoid the diversion of funds from their intended charitable purposes.

3. Assess the likelihood of diversion based on the grantee and the circumstances.

4. Manage the risk by taking steps most likely to prevent diversion, such as by disbursing funds in installments upon receipt of the grantee's reports or the use of previously granted funds and/or using a reliable individual in the foreign jurisdiction to help administer and monitor the grant.

5. Keep good records of the organization's due diligence, grant procedures and risk assessments.

CLOSING THOUGHTS

The private foundation that wants to avoid dealing with the stringent requirements applicable to direct grants abroad may instead choose to make its grant to a U.S. public charity that will use the funds to support a charitable project overseas. This is common for smaller foundations, which lack the staff to process direct overseas grants and the funds to have consultants to guide them in making such grants.

A series of international grant making studies conducted by the Council on Foundations and Foundation Center has consistently reported since 1990 that grants to both overseas and U.S.-based programs for use abroad continue to grow rapidly, in terms of both total dollars granted and number of grants made. The study found that new and newly international foundations tended to make such grants through domestic intermediaries, as did smaller and mid-sized funders. The older and larger grantmaking foundations tended to distribute substantially more of their international grants directly to overseas organizations. Even if U.S. private foundation is able to clear all of the hurdles described in this article, it will still need sufficient staff capacity to exercise the required ongoing oversight of grants for use abroad, and grantors can become quite frustrated chasing financial reports and other follow-up data needed for expenditure responsibility grants. It is therefore critical that such foundations have knowledgeable legal counsel and other advisors.

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To request full copies of the following articles, please email the author:

1. Peebles, Jane, "Implications of the Anti-Terrorist Financing Rules for U.S. Charities Making Grants for Use Abroad," Family Foundation Advisor, Volume 7, No. 7 (November/December 2007).
2. Peebles, Jane, "Cross-Border Philanthropy," (June 2007).

Exhibit A

Sample Affidavit for Equivalency Determination (Officer)

Rev. Proc. 92-94
FOREIGN PUBLIC CHARITY EQUIVALENCE
AFFIDAVIT OF OFFICER

The undersigned, to assist grant making foundations in the United States of America to determine whether _____ (the "Grantee")
[name of grantee organization]
is the equivalent of a public charity described in section 509(a) (1), (2), or (3) of the United States Internal Revenue Code, makes the following statement:

1. Office. I am the _____ of the Grantee.
[official title]

2. Formation and purposes. The Grantee was created in _____ by
[year]
_____ and is operated under the laws of
[identify statute, charter, or other document]
_____ exclusively for the following purposes [check applicable boxes]:
[country]

- ☐ charitable
- ☐ religious
- ☐ scientific
- ☐ literary
- ☐ educational
- ☐ fostering national or international amateur sports competition
- ☐ prevention of cruelty to children or animals

3. Programs and activities. The Grantee's programs and activities have included and will include the following:

_____

[describe past, current, and future activities; add pages if necessary]

_____

_____

4. Governing documents. We have attached copies of the charter, bylaws, and other documents under which the Grantee is governed.

5. No improper private benefit. Under the applicable laws and customs or under the Grantee's governing instruments, none of Grantee's income or assets may be distributed to, or applied for the benefit of, a private person or non-charitable organization other than (a) as part of the conduct of the Grantee's charitable activities, or (b) as payment of reasonable compensation for services rendered, or (c) as payment representing the fair market value of property which the Grantee has purchased.

6. No proprietary interest in Grantee. The Grantee has no shareholders or members who have a proprietary interest in its income or assets.

7. Distribution of assets on dissolution. Under the applicable laws and customs, or under the Grantee's governing instruments, all of its assets will be distributed upon its dissolution or liquidation to another non-for-profit organization for charitable, religious, scientific, literary, or educational purposes, or to a government instrumentality. We have attached a copy of the relevant statutory law or provisions in the grantee's governing instruments controlling the distribution of the Grantee's assets on dissolution or liquidation.

8. Limits on activities. Under the laws and customs applicable to the Grantee, or under the Grantee's governing instruments, the Grantee is not permitted, other than as an insubstantial party of its activities, to:

(a) engage in activities that are not for religious, charitable, scientific, literary, or educational purposes; or

(b) attempt to influence legislation, by propaganda or otherwise.

9. No candidate campaign activity. The laws and customs applicable to the Grantee do no permit it to participate or intervene, directly or indirectly, in any political campaign on behalf of, or in opposition to, any candidate for public office.

10. Control by other organizations. The Grantee is [choose one]:

☐ not controlled by, or operated in connection with, any other organization.

☐ controlled by or operated in connection with another organization or organizations, as follows:

_____

[describe]

_____

_____

11. Qualification as publicly supported organization. The Grantee is [check one of the following]:

☐ a school (that is, an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on and that has adopted and operates pursuant to a racially nondiscriminatory policy as to students, and we have completed IRS Form 5578).

☐ a hospital (that is, an organization whose principal purpose or function is the providing of medical or hospital care).

☐ a church (that is, a church, synagogue, or mosque).

☐ none of the above, but it satisfies a public support test as demonstrated by the Schedule of Financial Support for the four most recently completed taxable years, attached.

12. Authorization. The _____ of the
[governing body; e.g., board of directors]

Grantee has authorized me to make this Declaration and affirms its contents.

13. Binding representations. The representations made in this Declaration are binding on the Grantee.

I declare that the foregoing is true and correct of my own knowledge.

DATE: _____ _____
[signature of declarant]

2014
SCHEDULE OF FINANCIAL SUPPORT
PART ONE

	2014	2013	2012	2011	2010	TOTAL
1. Gifts, grants, and contributions received						
2. Membership fees received						
3. Gross receipts from admissions, merchandise sold, services performed, or facilities provided (only from activities whose conduct is related to the exempt purposes of the organization)						
4. Gross income						
5. Net income						
6. Value of services or facilities furnished by a government unit without charge						
7. Total of lines 1 through 6						
8. Line 7 minus line 3						
9. Two percent of the total for line 8						
Complete Part TWO; then complete the rest of Part ONE.						
10. Total from Column C, Part TWO						
11. Public support -- Four-year total of line 8 minus the four-year totals of lines 4, 5, and 10						
12. Public support percentage -- line 11 divided by line 8						%

2014
SCHEDULE OF FINANCIAL SUPPORT
PART TWO

Instructions: Complete one line for each person or organization who, during the entire four-year period, contributed more than the amount on Line 9, Part ONE. In Column A, identify each donor by name or otherwise. In Column B, enter the total amount donated by that person or organization during the four-year period. In Column C, enter the difference between the amount on Line 9, Part ONE, and the amount entered for that donor in Column B. Add the amounts entered in Column C, and enter the total for Column C at Line 10, Part ONE (previous page).

A. Identification of Donor	B. Total Contributed	C. Excess Contributions
TOTALS		

Exhibit B

INTERNATIONAL GRANTS BY U.S. PRIVATE FOUNDATIONS

	Grantee's Status	May Pvt. Fdn. Fund?	Equivalency Determination Required?	Expenditure Responsibility Required?	Does Grant Satisfy Minimum Payout Rule?
1	U.S. §501(c)(3) operating overseas	Yes	No, if grant in furtherance of grantee's purposes.	No, if grantee is public charity.	Yes
2	"Friends of" organization	Yes	No	No, if grantee is public charity.	Yes
3	Foreign government unit without §501(c)(3) status	Yes	No, but grant must be limited to charitable, not public, purposes.	No	Yes
4	Foreign entity with §501(c)(3) IRS determination letter	Yes	No	No, if grantee is public charity.	Yes
5	Foreign equivalent of §501(c)(3) entity that is a public charity	Yes	Yes	No, if grantee can qualify as public charity.	Yes
6	Foreign equivalent of §501(c)(3) organization that is a private foundation	Yes	Yes	Yes	Yes, if out-of-corpus rule satisfied.
7	Other foreign organization that cannot qualify as §501(c)(3) equivalent	Yes	No. Not possible.	Yes, and grant funds must be segregated.	Yes