

## Policies: Documentation of Tax Status

*Please note that due to changes in U.S. Treasury regulations, the Foundation no longer maintains a list of grantee institutions on file. Please view the information below for updated policies in regard to tax exemption and grantee institution qualifications.*

The James S. McDonnell Foundation makes grants to qualified 501(c)(3) tax-exempt or foreign equivalent organizations--not individuals--in response to Request for Proposals for established JSMF programmatic areas. Unsolicited requests that do not fit into a program area and are not research-related are not funded.

Domestic and foreign institutions that have a 501(c)(3) tax-exempt status or institutions that are instruments of the government\* are required to provide this documentation **only when** a proposal is selected for funding.

For grant applications, the potential grantee institution must include a letter stating one of the following:

- The institution has 501(c)(3) tax-exemption letter from the U.S. Internal Revenue Service, **or**
- The institution is a government instrumentality\* (supported financially by the state or national government), **or**
- The institution does not have 501(c)(3) tax-exemption letter and is not an instrument of the government but is a foreign equivalent to 501(c)(3) tax-exempt institution. The institution will provide all documentation requested by JSMF in a timely manner and will agree to the terms of an Expenditure Responsibility grant agreement.

If a grant from your institution is recommended for funding, you will be required to provide the following documentation:

- A copy of the institution's 501(c)(3) tax-exemption letter from the U.S. Internal Revenue Service (IRS) stating that the grantee institution is exempt from Federal income tax. Enclose a copy of the organization's IRS determination letter citing Code sections 501(c)(3) and 509(a)(1) and confirm that the determination letter is still in effect, that no representative of the IRS has proposed, orally or in writing, that the determination letter be amended or revoked, and that you will notify JSMF should the foregoing change during the term of this grant.
- Documentation that details the institution's government instrumentality tax status, or
- Supporting documentation of the institution's 501(c)(3) equivalent status.

\* Public institutions that receive monies from the national or state government to operate. This includes U.S. state universities.

As part of a JSMF grant contract, all institutions must agree to the following terms:

- The grant may only be used for the Grantee's charitable and educational activities in the project identified as described in the Grantee's proposal and related correspondence, and may not be expended for any other purposes without the James S. McDonnell Foundation's prior written approval.
- The grantee commits to
  - Repay any amount not used for the purposes of the grant,
  - Submit full and complete annual expenditure reports and progress reports to the James S. McDonnell Foundation on the manner in which the funds are spent and the progress made in accomplishing the purposes of the grant,
  - Keep records of receipts and expenditures and to make its books and records available to the James S. McDonnell Foundation at reasonable times,
  - Maintain the grant funds in a separate fund dedicated to one or more charitable purposes,
  - Not re-grant the funds to other organizations or individuals; and
  - Not use any of the funds to influence legislation, to influence the outcome of elections, to carry on voter registration drives, or to undertake any nonexempt activity, when such use of the funds would be a taxable expenditure if made directly by the foundation.

## Frequently Asked Questions

### 1. What documentation is needed to apply for a grant?

For grant applications, the potential grantee institution must include a letter stating:

- the institution has 501(c)(3) tax-exemption letter from the U.S. Internal Revenue Service, **or**
- the institution is a government instrumentality\* (supported financially by the state or national government), **or**
- the institution does not have 501(c)(3) tax-exemption letter and is not an instrument of the government but is a foreign equivalent to 501(c)(3) tax-exempt institution. The institution will provide all documentation requested by JSMF in a timely manner and will agree to the terms of an Expenditure Responsibility grant agreement.

### 2. Previously an affidavit of grantee form was required by JSMF for foreign grantees without 501(c)(3) tax status. Is a completed affidavit form still needed?

- Recently the U.S. Treasury regulations have changed. Grants awarded by JSMF to foreign institutions that do not hold a 501(c)(3) tax exemption status and are not government instrumentalities must now undergo additional

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scrutiny prior to receiving a grant. A completed affidavit of grantee form *alone* is no longer sufficient.

3. **My U.S. institution does not have a 501(c)(3) tax status and is not a government instrumentality.**
  - JSMF only makes grants for charitable and educational activities to qualified nonprofit institutions.
4. **My non-U.S. organization does not have a 501(c)(3) tax status. What information is needed so that we can apply for a grant?**
  - See #1 above. If a grant from your institution is selected for funding supporting documentation will be required. Anticipate 60-90 days for review and processing.
5. **My institution was on your list of institutions with tax exemption forms on file with JSMF and we have received at least one grant from JSMF in the past. Will we need to submit any additional documentation if a grant application is selected for funding?**
  - Yes. As part of the new regulations, JSMF must obtain updated tax status information for each new grant. If there are multiple grants to your institution in a single 12 month period contact JSMF for the appropriate documentation required.
6. **My institution sent in tax status documentation for a different JSMF grant earlier this year. Do we need to submit anything else?**
  - At minimum, your institution will need to submit a letter to JSMF stating that the tax exempt non-profit status of the institution has not changed since the date when the information was provided.
7. **My institution is non-U.S. and does not have a 501(c)(3) status. How can we obtain this status?**
  - Foreign institutions may consider obtaining 501(c)(3) tax-exemption status to make receiving grants from U.S. institutions and individuals easier. Consult with your institutional administration officials regarding this option.

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