

GRANTEE WITH 509(a)(3) TAX STATUS

May 18, 2011

If the grantee's IRS determination letter indicates the organization is a 509(a)(3), additional information will be required.

This classification indicates it is a supporting organization, organized exclusively to support a public charity. The organization would be a private foundation, except for the IRS provision that allows it to be treated as a public charity because it is organized exclusively to support a public charity. The Pension Protection Act of 2006 requires the Bradley Foundation to determine if the grantee is Type I, Type II or Type III. It is important that the Type be entered into the organization's tax record in the Gifts database. Type 1 and Type II supporting organizations require no further attention.

If the grantee is a Type III organization, the Foundation cannot count the grant as a qualifying distribution and must do expenditure accounting. Update the tax record in Gifts, and the code field in both the organization and request records so the grant pulls into the Expenditure Accounting Log. In addition, a certification letter from the organization's attorney, and the articles of incorporation and by-laws, must be retained as documentation in support of the Type III functionally integrated status. These items should be placed with the organization's determination letter in the file cabinet.

After every Board meeting, the Grants Administrator provides the VP-Finance with an update of the *509(a)(3) Type III* document. This document should indicate whether or not the organization has been certified as "functionally integrated" according to the grantee's attorney. The document is located at: H:\Records\Grants\Compliance\509(a)(3)\2011Type3.doc.

In your letter dated December 29, 2005, you requested classification as an organization described in sections 509(a)(3) of the Code and confirmation of the name change. Based on the information you provided, we have determined that you meet the requirements for the requested foundation classification. Accordingly, we have granted your request and modified your foundation status to reflect an organization described in section 509(a)(3). Specifically, we have determined that you are a **Type 1** supporting organization under section 509(a)(3). A Type 1 is operated, supervised, or controlled by, a Type 2 is supervised or controlled in connection with, and a Type 3 is operated in connection with one or more publicly supported organizations. We also update our record to reflect your organization's new name as Milwaukee Development Corporation.

MicroEdge GIFTS - Organizer

File Edit Action View Quick Options GIFTS Plus Help

Meeting Date is on 11/9/2010 AND Request Status is 'Staff-Recommend' (108 Items)

Organizations	Requests	Affiliations	Contacts	
Organization Name	ID/Ref	Program Area	Staff Person	Recommended
Sagemore Institute	20101192	IRA	Mike Hartmann	\$150,000
St. Josephat Basilica Foundation, Inc.	20101154	Legacy	Janet Riordan	\$20,000
St. Marcus Lutheran School	9001513	Legacy	Alicia Manning	\$500,000
The Salvation Army of Greater Milwaukee	20101126	Legacy	Alicia Manning	\$100,000
Sand County Foundation, Inc.	20101198	Implementation & Impact	Mike Hartmann	\$675,000
Silver Spring Neighborhood Center, Inc.	20101129	Legacy	Alicia Manning	\$15,000
Southeastern Legal Foundation, Inc.	20101038	Implementation & Impact	Mike Hartmann	\$25,000
Talesin Preservation Commission, Inc.	20100804	Legacy	Janet Riordan	\$50,000
Teneo Network	20101013	Implementation & Impact	Mike Hartmann	\$25,000
The University of Chicago	20101102	Ideas & Institutions	Dianne J. Sehler	\$25,000
University of Miami	20101166	Ideas & Institutions	Dianne J. Sehler	\$20,000
University of Wisconsin Foundation	20100463	IRA	Dan Schmidt	\$40,000
University of Wisconsin-Madison	20100969	Ideas & Institutions	Dianne J. Sehler	\$100,000
University of Wisconsin-Milwaukee	20101169	Legacy	Janet Riordan	\$15,000
UWM Research Foundation, Inc.	20101040	Legacy	Janet Riordan	\$400,000
Walnut Way Conservation Corp.	20100744	Legacy	Alicia Manning	\$175,000
Wisconsin Conservatory of Music, Inc.	20101060	Legacy	Janet Riordan	\$60,000
Wisconsin Forensics Coaches' Association	20100964	Legacy	Janet Riordan	\$10,000
Wisconsin Lutheran College	20101031	IRA	Mike Hartmann	\$25,000
Wisconsin Lutheran College	20101108	Legacy	Janet Riordan	\$75,000
Zoological Society of Milwaukee County	20100938	Legacy	Alicia Manning	\$75,000

Pending
 Incomplete
 Approved
 Declined

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MicroEdge GIFTS - Organizer

File Edit Action View Quick Options GIFTS Plus Help

Primary Organization for Request [20100938] (1 item)

Organizations	Payments	Requests	Requirements	Documents			
Organization	Tax ID	Tax Registration Date	Tax Status 2	Tax Status 3	Also Known As	Legal Name	Contacts
Zoological Society of Milwaukee County 10005 West Bluemound Road Milwaukee, WI 53226	39-6077242	5/30/2007	509(a)(1)	170(b)(1)(A)(vi)	ZSM	Zoological Society of Milwaukee County	

Missing tax status
 Tax status needs verification
 Non-charitable

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MicroEdge GIFTS - Organizer

File Edit Action View Quick Options GIFTS Plus Help

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Organization [Zoological Society of Milwaukee... (112)]

File Action Help

Save and Close Alert... Send Letter...

Organization Tax Status Background Wire Transfer Coding Affiliations Subsidiaries

Name Zoological Society of Milwaukee County

Address 10005 West Bluemound Road

City Milwaukee

State WI Postal Code 53226

Country

Phone 414-258-2333 Ext.

Fax 414-258-5958

E-mail

WWW www.zoosociety.org

Primary Contact

Last Name Davis

[Robert M. Davis](#)
Tel: (414) 276-0843
Fax: (414) 276-0846

Title Vice Chairman & CEO

Relationship Notes (F3 = Spell)

Missing tax status Tax status needs verification Non-charitable

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MicroEdge GIFTS - Organizer

File Edit Action View Quick Options GIFTS Plus Help

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File Action Help

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Organization Tax Status Background Wire Transfer Coding Affiliations Subsidiaries

I.R.S.

Legal Name
Zoological Society of Milwaukee County

Tax ID
39-6077242

Registration Date
05/30/2007

Financial Report Date
09/30/2007

Notes (F3 = Spell)

Charitable Organization

Tax Status

Cumulative Index Revision / Page No.
03/3418; 04/3486; 05/3645; 07/3728; 08/3641

Last Verified By
Yvonne Engel

Last Verified On
09/18/2009

Next Verification On
09/18/2010

Tax Status	As Of
501(c)3	02/01/1956
509(e)(1)	02/01/1956
170(b)(1)(A)(vi)	02/01/1956
*	

Missing tax status Tax status needs verification Non-charitable

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Welcome Yvonne Engel! [Logout](#) [Update Nonprofit Report](#) [Analyze Nonprofit Data](#) [Take Action](#) [Review A Charity](#)

Search GuideStar Advanced Search Refine Your Search [Start New Search](#)

[Home](#) > Search Results

Your search for 39-6077242 produced 1 result.
 Viewing 1 - 1 of 1 result



Remove Criteria:
 Keywords: [39-6077242](#)

Organization Name	Details	Sort Results By
ZOOLOGICAL SOCIETY OF MILWAUKEE COUNTY EIN: 39-6077242	Income: \$8,622,505 Assets: \$1,813,394 501(c)(3) Public Charity 2009 Form 990 10005 W Bluemound Rd, Milwaukee, WI 53226	Relevancy Pub 78 Verified GuideStar Charity Check Check Today's Report

Organization Name	Details	Sort Results By
		Relevancy

Powered By: **fast**



Close

Charity Check Report Generated on October 04, 2010, at 2:30 PM EDT

ZOOLOGICAL SOCIETY OF MILWAUKEE COUNTY

PDF Print

10005 W Bluemound Rd
 Milwaukee, WI 53226

[Charity Check Data Sources](#)
[Charity Check FAQs](#)

IRS Publication 78 Details **IRS Pub 78 Verified**

Organization Name	Zoological Society of Milwaukee County
EIN	39-6077242
Location	Milwaukee, WI
Code and Description	None - A public charity with a 50% deductibility limitation
Most Recent IRS Publication 78	July 2010
Verified with Most Recent Internal Revenue Bulletin	October 4, 2010

IRS Business Master File Details **IRS BMF 509(a)(1)**

Organization Name	ZOOLOGICAL SOCIETY OF MILWAUKEE COUNTY
EIN	39-6077242
Most Recent IRS BMF	August 31, 2010
IRS Subsection	This organization is a 501(c)(3) Public Charity .
Reason for Non-Private Foundation Status	Section 509(a)(1) organization as referred to in Section 170(b)(1)(A)(v)
Ruling Date	02/1956

GUIDESTAR
Charity Check Report

Generated on October 04, 2010, at 2:30 PM EDT

ZOOLOGICAL SOCIETY OF MILWAUKEE COUNTY

10005 W Bluemound Rd
 Milwaukee, WI 53226

PDF Print

[Charity Check Data Sources](#)
[Charity Check FAQs](#)

IRS Publication 78 Details

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Reason for Non-Private Foundation Status	Section 509(a)(1) organization as referred to in Section 170(b)(1)(A)(vi)	
Ruling Date	02/1956	

An Advance Ruling Expiration Date is not applicable to this organization, or the organization has already been awarded a final determination by the IRS.

[IRS Revenue Procedure 2009-32](#) allows grantors to rely on third-party resources, such as GuideStar Charity Check, to obtain required Business Master File (BMF) data concerning a potential grantee's public charity classification under section 509 (a) (1), (2) or (3).

GuideStar Charity Check Data Sources

- IRS Publication 78 (Cumulative List of Organizations) provides a listing of organizations that have been recognized by the Internal Revenue Service as eligible to receive tax-deductible contributions. For more information, view the [IRS Publication 78 help file](#).
- The IRS issues an [Internal Revenue Bulletin](#) listing any changes made since the last Publication 78 release. Updates from these releases are included in Charity Check. During the period between the release of IRS Publication 78 and the first IRS Internal Revenue Bulletin update that supersedes this data will reflect the most recent release date of IRS Publication 78.

Organization Report - Mozilla Firefox

File Edit View History Bookmarks Tools Help Print

Back Forward Reload Stop Speed Dial Home <http://www2.guidestar.org/ReportOrganizationPrintable.aspx?ein=39-6077242§i> Google

Print

Printer:

Name: HP LaserJet 4100 PCL 5e Properties...

Status: Ready

Type: HP LaserJet 4100 PCL 5e

Where: LPT1:

Comment: Print to file

Print range:

All

Pages from: 1 to: 1

Selection

Copies:

Number of copies: 1

Collate

Print Frames:

As laid out on the screen

The selected frame

Each frame separately

OK Cancel

Organization Report

Generated on October 04, 2010, at 2:30 PM EDT

PDF Print

[Charity Check Data Sources](#)

[Charity Check FAQs](#)

Milwaukee County

IRS Pub 78 Verified

with a 50% deductibility limitation

IRS Business Master File Details

Organization Name	ZOOLOGICAL SOCIETY OF MILWAUKEE COUNTY	IRS BMF 509 (a)(1)
EIN	39-6077242	
Most Recent IRS BMF	August 31, 2010	
IRS Subsection	This organization is a 501(c)(3) Public Charity .	
Reason for Non-Private Foundation Status	Section 509(a)(1) organization as referred to in Section 170(b)(1)(A)(vi)	
Ruling Date	02/1956	

An Advance Ruling Expiration Date is not applicable to this organization, or the organization has already been awarded a final determination by the IRS.

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MicroEdge GIFTS - Organizer

File Edit Action View Quick Options GIFTS Plus Help

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Organization [Zoological Society of Milwaukee... (112)]

File Action Help

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Legal Name
Zoological Society of Milwaukee County

Tax ID
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Registration Date
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Financial Report Date
09/30/2007

Notes (F3 = Spell)

Charitable Organization

Tax Status

Cumulative Index Revision / Page No.
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Last Verified By
Yvonne Engel

Last Verified On
10/04/2010

Next Verification On
10/04/2011

Tax Status	As Of
501(c)3	02/01/1956
509(e)(1)	02/01/1956
170(b)(1)(A)(vi)	02/01/1956
*	

Missing tax status Tax status needs verification Non-charitable

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CHARITY CHECK PROCESS

October 28, 2011

1. Search Gifts for the request ID# *[Exhibit C]* of the grant you want to verify.
2. Focus on the request; move to the organizations tab *[Exhibit D]*.
3. Double-click to open the organization record; move to Tax Status tab *[Exhibit D]*.
4. Copy the Tax ID number *[Exhibit D]*.
5. Open Guidestar and log in. Guidestar is located at <http://www2.guidestar.org/Home>. *[Exhibit E]*
6. Paste the Tax ID number in the search box and enter *[Exhibit E]*. (If the tax ID number is not recorded in Gifts, search by name instead.)
7. When the results appear for the correct organization, click on “Check Today’s Charity Check Report” on the right side of the screen *[Exhibit F]*.
8. When the report comes up, choose PDF. To print, click on the software’s print icon at top left of the screen. Close out (x) of the report just printed, leaving Guidestar open for the next item.
9. File the Report *[Exhibit G]* in the grant file folder. If the Yellow Checklist is needed, prepare it and staple the Charity Check report to it.
10. Return to the organization’s tax record screen in Gifts. Most of these fields are probably complete, but some will need to be updated at this time *[Exhibit H]*. Verify or update:
 - A. Organization’s legal name.
 - B. Employee identification number (EIN)-referred to as the tax ID in Gifts.
 - C. Registration date, which represents the most recent determination letter we have on file; if this field is empty (and the organization is not foreign), place a note in the payments field of the request to remind you to ask for it in the award letter or check transmittal letter.
 - D. Last Verified By (select your name from the pull down menu).
 - E. Last Verified On (F3 will insert current date into any date field in Gifts); this date will also pull into the Yellow Checklist, if it is needed.
 - F. Next Verification On (insert current date, but change year to next year).

G. On each line, enter from the pull down menus, each tax status code found on the most recent determination letter *[I]*, followed on each line by the date of the original determination letter, or current letter if original date unknown.

11. Close the organization record; focus on the organization and move to the requests tab.

12. Focus on the request you are working on *[Exhibit Q]* and move to the requirements tab.

13. Click on “new” (the blank page icon at the top of the screen) to create the requirement *[Exhibit R]*.

14. From the new screen *[Exhibit S]*, insert your name in “Staff” field and select “Type” “Charity Check” from the pull-down menus. To mark the requirement done, insert current date in “Rec’d” and “Done” fields by using the F3 key, or choose Action, Done from the menus at the top of this new screen. Save and close the requirement.

NOTE:

Additional information on incorporating this process with other items required for Board recommendations can be found in the Quarterly Spreadsheet tab of the Board Meeting Preparation Section.

DIRECTORS AFFILIATED WITH GRANTEES PROCESS

July 25, 2011

At the beginning of the year the directors advise the Foundation of any affiliations they have with other organizations by completing and returning forms sent by the VP-Admin.

1. To update Gifts with information from the form:
 - A. Start in the organization tab of Gifts.
 - B. Select from the view menu at top of screen: Apply/Edit, Director Affiliations, Apply View, save and close.
 - C. From the search menu, choose coding sheet, click on conflict, click on “add,” insert Director’s name from pull-down menu, choose “find now.”
 - D. Compare what is on the screen with what is on the form received from the Director.
 - E. If Director is no longer affiliated with one of the organizations on the screen, you will need to remove his name from the conflict code.
 - i. Double click to open the organization record.
 - ii. Click on the coding tab.
 - iii. In the Conflict field, click the Director’s name.
 - iv. Click “remove,” and then save and close.
 - v. Indicate on the Director’s form any organizations removed.
 - F. If the organization listed on a completed form is in the Gifts database, but the director name is not listed in the conflict field:
 - i. Double click to open the organization record; go to the coding tab.
 - ii. Click on field Conflict, select add.
 - iii. Select name from pull down menu; click insert; close (x) menu.
 - iv. Save and close the organization record.
 - G. If the Director’s list contains a non-profit organization not revealed during the search for affiliations, search for the organization to see if it is in the system. If not, note on his form “not a grantee at this time.”

2. If a director's affiliation affects only part of the year, make a note in the Organization's record, Recipient Bank Contact Name field, regarding partial year affiliation (i.e.: Uihlein resigned affiliation June 2010). This will only show up when you run the entire list of all director affiliations from the organizations screen.
3. If changes were made to the Conflict code for any Director:
 - A. Focus on the changed organization; move to the requests tab.
 - B. Select view "Director Affiliations" to see if the organization has any requests recommended on the upcoming agenda.
 - C. If there is a "staff recommendation" listed, check the conflict column on the screen to be sure the Director's name is listed.
 - D. If not listed, open the request record and insert the Director's name in the Conflict field, the same way it was done in the organization record.
 - E. Notify the Program Officer for that request so they can change the GPR form.
4. When all of the affiliations have been entered for the year:
 - A. Create and print a report that includes all of the Director affiliations.
 - B. Date stamp the report.
 - C. Provide a copy of the date-stamped report for the VP-Finance to compare with the Directors' forms (give her the original forms).
 - D. Keep a copy of this date-stamped report in the file folder with the directors' original forms.
5. Continue to update this report as changes occur, and provide a copy to the VP-Finance.
6. To retrieve information needed to prepare the Director Affiliations page for the agenda book, with grant amount, project description, name of Director for each conflict noted:
 - A. Start in the requests tab of Gifts.
 - B. Search for all staff recommend items on the agenda for the upcoming meeting.
 - C. From the view menu, choose apply/edit views, "Director Affiliations" and select apply view.
 - D. Open the previous meeting's Affiliations page located in the current year directory in H:\WPDATA and "save as" the current meeting Affiliation's page (change date). Delete entries and replace with current meeting information now listed on the screen: grantee name, project description, amount recommended, and director name(s).

7. Give the Director Affiliations page prepared for inclusion in the agenda book to the VP-Finance for review, along with the current list of all Director Affiliations report run from Gifts:
 - A. In organization tab, select View, Apply/Edit, Director Affiliations. This view automatically runs the search for all Director Affiliations.
 - B. Print the report and give to the VP-Finance to compare with original disclosure forms. You will need to provide the database report again to verify abstentions noted in the minutes.
8. When approved by VP-Finance, give the agenda page to the President for approval before sending it on to the Office Assistant to be copied and inserted as a tab in Section 5 (Informational Material) for the agenda book.
9. When preparing board meeting minutes, refer to this page to note voting abstentions with the grants awarded.
10. To prepare a list of directors affiliated with grants awarded during the entire year:
 - A. Start in the requests tab of Gifts.
 - B. Select the Year End Director Affiliations view from the View options.
 - C. Search criteria is:
 - i. Approval Date is in this year.
 - ii. Second criteria will include all current directors listed in the Conflict field of the coding screen. To do this, while still in the search screen, click on “coding sheet” then “conflict” then “add” then click on a Director name and click “insert” and click the next name and insert, continuing with each Director name until all are included. Close-out the drop-down menu (x) and choose “find now.” (There is no select all choice.)

EXPENDITURE ACCOUNTING LOG AND LETTERS

July 25, 2011

The expenditure accounting log tracks the progress of reports for organizations that require expenditure accounting. All foreign grantees, grantees that are private foundations or private operating foundations must report on how the grant funds were expended. This is a requirement of the IRS. This log will become part of the Foundation's tax return as well.

Using the report titled "Payments Made, by Grantee Organization" (found in the Financial Reports section of the Gifts reporting feature), the criteria is: Grant Date = Last Year and Internal Code = (one at a time, using all expenditure accounting codes).

Open and print the previous year's EAR log. Review and mark the grants that have not completed their reporting; they are the ones without a "yes" in the far right column. A follow-up letter will be sent to these grantees as the new requests are being prepared.

Now, use the "save as" feature to change the file name to the current year, and change the year-end date at the top of the new file page to the current year report date. Using information from the reports just run, enter the grantee information for those grants requiring expenditure accounting responsibility.

The various EAR letters request the grantee complete the form and provide documentation of the expenses related to the grant for the specific time period relative to the tax return reporting timeframe. From the correspondence section of Gifts Administrator Module, change any dates referred to in the text of the letters and form, and type in the date the letters will be mailed instead of using the auto-insert date. Date the letters about a week out.

Now you are set to merge the letters and forms using the database. Working from the newly prepared log, call up each grant in Gifts by ID number. If a grantee has more than one grant listed, include all grants with one letter, though each grant will have its own form. These letters need a lot of editing. Please note there are different letters available in the database for different tax situations; be sure to select the EAR letter according to the organization's EAR type. The letters, sent under signature of the VP-Finance, request the enclosed form be completed and returned to the Foundation. Do this for each grant on the log. Use the correspondence icon to merge the letter and form, being sure to choose "keep document permanently on disk" and "record activity" as you move through the merge screen.

On the form and letters for foreign grantees, you will need to request that the grantee report in U.S. dollars, but be sure to remove that language when preparing and sending the EAR request to non-foreign grantees.

When signed, make a copy for the VP-Finance (in the event a grantee call with questions), a copy for the VP-Finance chron file, and a copy for the Grant Administrator's compliance file.

Prepare envelopes from Gifts; mail on the designated date. Send all foreign mail via Federal Express.

EXPENDITURE ACCOUNTING RESPONSIBILITY

June 14, 2011

1. Certain grants require Expenditure Accounting Responsibility (EAR) to be in compliance with IRS regulations.
2. The process to identify these grants begins when the Grants Administrator prints the Charity Check report and discovers the tax status of the organization is that of a private foundation, private operating foundation, or foreign organization.
3. Those identified as requiring Expenditure Accounting are coded accordingly in the organization and request record of the database, and noted on the yellow checklist.
4. At the end of each year an Expenditure Accounting log is prepared by the Grants Administrator using data gathered from the grants database.
5. The Grants Administrator prepares a letter, signed by the VP-Finance, requesting the Expenditure Accounting form be completed and returned. There is more than one standard letter. If the grantee has not responded to previous requests, a more strongly worded letter is sent.
6. The requests are sent semi-annually until the grantee returns all requested information.
7. When the completed form is returned by the grantee to the Foundation, the VP-Finance reviews the form and gives it to the Grants Administrator to note the information in the database and on the Expenditure Accounting Log, which is used in preparation of the Foundation's tax return. The completed form is stamped in blue ink "Exp Acctg Report Do Not Remove From File," top-hole punched, and given to the Office Assistant to attach to the corresponding grant file folder in the closed agency files.

EXPENDITURE ACCOUNTING RESPONSIBILITY (EAR) PROCEDURES

January 11, 2012

At the close of each year, the list of paid grants is examined for the purpose of the Foundation's compliance with IRS expenditure accounting responsibility (EAR) rules. The objective of the examination of the grantees' non-profit status with the IRS is two-fold:

- a) Verification of those grants which were identified throughout the year as requiring EAR and updating the log with payment dates;
- b) Identification of those grants which cannot be counted toward minimum distribution payout.

Expenditure Accounting is required if the grantee is a Private Foundation, a Private Operating Foundation, a sponsored project, or a foreign entity. Grants requiring expenditure accounting are identified as early as possible during the proposal process. Often, EAR is discovered during the process of tax verification and completion of the Yellow Checklist because the organization's tax documentation, if any, is usually available at that point.

If a grant is identified as requiring EAR, the first item is to update the grant's Internal Code in the Request record of Gifts, and then in the Organization record coding section. It should be changed to reflect the appropriate code EAR code, such as EX-F, which means expenditure accounting responsibility is required because the grantee is a foreign entity.

An Expenditure Accounting Responsibility Control Log is maintained (using an Excel file located at H:\Records\Grants\Compliance\ExpActg\EAR-yr.xls) listing the grantee name, date of award, grant amount, paid amount and date paid. Filled in later will be the date on the status report received, amount expended according to the report, comments, and if all funds have been expended, completion of the requirement is also noted.

Information for the EAR control log is generated via the Gifts database. Using the report titled "Payments Made, by Grantee Organization" (found in the Financial Reports section of the Gifts reporting feature), the criteria will be: Grant Date = Last Year and Internal Code = (one at a time, using all expenditure accounting codes).

Enter the information from these reports into the EAR Control Log. Start with opening the previous year's log and saving it as the current year. Then go in and change the information to the current year information.

With this log as a tool, prepare a cover letter under signature of VP-Finance requesting the enclosed EAR form be completed. Do this for each grant on the list. Use the standard correspondence icon to find the letter and form; choose keep document permanently on disk. From the correspondence section of Gifts Administrator Module, change the dates on the merge letters and form. Now you are set to merge the letter and form using the database. Caution needs to be taken with the address the letter is sent to. Foreign forwarding is often delinquent. Send all foreign mail via Federal Express. (Sometimes an organization is contacted through another organization, or the contact person spends limited time at the organization and the mail is not forwarded.) The letter requests the grantee to complete the form and provide documentation

of the expenses related to the grant for the specific time period relative to the tax return reporting timeframe. The time period covered should include all payments relative to the start date of the grant to 12/31/___ (tax year end).

The cover letter is sent under signature of the VP-Finance to the primary contact for the grant and is generated within the grant record in the database, selecting "record activity" and "keep file on disk" as you move through the merge screen. Please note there are different letters available in the database for different tax situations; choose accordingly.

The fact that the report has been received is noted on the log, and the date of report and amount of grant spent in the appropriate columns. This information is also noted in the Requirements tab of the Gifts grant record. Follow up is continued until all grant monies are expended. The requirement is not marked complete until all of the funds have been spent.

The letter requesting the form be completed is kept until the completed form has been received. Occasionally proof is required that we have done our due diligence by requesting the information.

Follow-up letter templates are also in Gifts, and the dates need to be updated using the Administrator's modgual before being merged in July, which is follow-up time.

The Grant Expenditure Accounting Report (EAR) form is completed as follows:

Find the grant in the database and merge an EAR report from the record. See internal letters: Form: Grant Expenditure Report - (type). Fields merged include name of grantee, period of time covered by report (standardized to be "from receipt of grant to 12/31/xx)", date grant approved, total amount of grant, grant payments. Use of grant, books and records, and certification paragraphs are all standard on form with no individualization needed.

Grantee enters: amount of grant spent during reporting period, purpose of grant, progress made toward goals of the grant. Also, "use of grant" paragraph requests the grantee attach an expenditure statement including all expenditures made from grant funds.

In the database, "save" all correspondence generated regarding the EAR task. In the Requirements tab, enter the EAR requirement, and update the notes field with information from the grantee's report as it becomes available until it is complete, at which time you will choose Mark as Done, save and close.

A copy of the letter and form are retained (filed at desk of Grants Administrator), until a response is received from the grantee.

After response is received, update the requirements tab of the request in the database, indicating date of receipt. Update the Control Log with the amount spent, date of report, comments, and whether or not completion of EAR has been realized (full amount spent). Unusual items can be discussed with VP-Finance for clarification.

When the EAR report is received, two-hole punch the original at top, stamp it "Do Not Remove from File," and place it to be filed in the closed agency files along with any letters of attachments provided.

On the form and in the letters for foreign grantees, you will need to request the grantee report in U.S. dollars, but be sure to remove that language when preparing and sending the EAR request to non-foreign grantees.

Grants which were not completely ("substantially") spent by the end of the reporting period are followed up the next year. Only grants which actually have a payment in the following year are added to the next year's log. If follow-up on an older grant is required, maintain the older log until all EAR is complete for that payment.

NO RESPONSE FROM GRANTEE

Sometimes a grantee does not respond to our first or follow-up inquiries due to lost mail between countries in either direction, or the grantee assumes that its prior submission of a programmatic report was sufficient. The grant files are checked to see if the response was filed prior to updating the log, or if a programmatic report exists and may actually suffice if they would sign and return the form. If not, payment of any future grants is to be withheld until the older grant's expenditure accounting documentation is received.

A list of these items is maintained and shared with VP-Finance and VP-Program. Place a note in the notes area of the Organization's tax screen, that "payments are to be withheld until EAR has been completed for ID #xxxxxx." Also, this information should be placed in the Alert box of the grantee organization and that particular grant. With these notes available, when a new proposal is received or has become part of the review process for a board meeting, a note should be placed in the database organization and request records that payment is to be withheld until EAR is complete. Keep the VP-Finance informed on this status. It may be necessary for her to ask the program officer to inform the grantee that the Foundation must withhold new grants to their organization until the completed form is received.

Follow up letters (under signature of VP-Finance) should be sent to the grantee at the time a grant payment is scheduled, indicating the payment will not be made until all EAR documentation is complete for the prior grant.

Each year's log corresponds to payments for a fiscal (calendar) year that have been reported as GEAR on our tax return.

The logs of each year are kept in the vertical file drawer "compliance" in the Grants Administrator's office. Occasional updates are provided to financial staff and the most recent copy for the tax return, when requested

Grants not substantially spent by the end of the reporting period need to be followed up on next year. If follow-up is required, maintain the older log until all EAR is complete for that payment(s). Only grants that have a payment in the following year are place on next year's log.

Expenditure Accounting Questions and Answers:

Is formal permission to extend a grant period required if the grantee does not expend all grant funds within the period as stated on the grant agreement?

-YES.

In case of large institutions, may the primary contact sign EAR form or should an official of institution?

-Primary contact may sign - anyone representing the institution and having information enough to complete the form.

How long to wait for response to our request?

-Four to six weeks within the U.S.

-Eight to ten weeks for foreign.

-Follow up for two additional years, then drop it.

-Record on permanent log for reference “no additional follow-up considered practicable; and/or “future grants will be restricted pending receipt of EAR.” Then drop from next year’s pending log.

How long to maintain these records (control log and responses)?

Permanently.

EXPENDITURE ACCOUNTING REPORTS

July 25, 2011

As expenditure accounting reports are received, they need to be recorded in the grant record of Gifts and on the EAR log in Excel.

Update the requirements tab of the request in the database, indicating date of receipt. Include report date and detailed information on amount spent and amount to follow up on, if any.

Update the Control Log with the amount spent, date of report, comments, and whether or not completion of EAR has been realized (full amount spent). If all funds have been expended, indicate YES in the far right column and state "all funds expended" in the comments column. Unusual items can be discussed with VP-Finance for clarification.

Stamp the original report received "Do Not Remove from File." Two-hole punch the report at top, place to file in closed agency files along with any letters or attachments provided.

Grants not substantially spent by the end of the reporting period need to be followed up on next year. If follow-up is required, maintain the older log until all EAR is complete for that payment(s). Only grants that have a payment in the following year are added to next year's log.

FOREIGN GRANTEES – ANTI TERRORIST GUIDELINES

October 28, 2011

Potential foreign grantees must be vetted against the Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) list or Terrorist Exclusion List (TEL).

The Grants Administrator will access the government's anti-terrorist web site (<http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>) and confirm the prospective grantee is not listed therein. This vetting is documented on the Tax Status screen of the organization's record in the Gifts database, and included on the Foundation's internal Yellow Checklist.

The Foundation's practice is to never make grant payments in currency – only via check requiring proper endorsement or direct wire transfer. This process documents who received the funds and eliminates money from falling into the hands of terrorists.

FOREIGN GRANTEES – WITHHOLDING

October 28, 2011

IRS regulations require the Foundation to withhold income tax of 30% of the grant funds awarded to foreign organizations. The taxes will be remitted by the Foundation's financial staff to the U.S. Department of the Treasury.

Income tax withholding will not be required if:

1. Grant funds will be used in connection with activities conducted entirely outside of the United States.
2. Grant funds will be used to purchase property.
3. An exception applies under a U.S. tax treaty.
4. The organization can demonstrate it could qualify as a U.S. tax exempt organization.

If grant funds will be used in part for activities inside the United States, 30% of the funds from the portion of the grant that is allocated for such U.S. activity will be withheld.

Examples of U.S. activities: attending a conference, site visit, temporary work or research and similar activities, including travel costs to and from the U.S. and living expenses in the U.S.

The Program Staff, knowing the purpose of the grant, will need to inform the Grants Administrator if any funds will be expended in the U.S., in which case a withholding form (attached) will be sent to the grantee.

IRS TAX-EXEMPT STATUS DETERMINATION LETTERS

January 11, 2012

Every grantee's IRS tax-exempt status determination letter is kept permanently on file, in hard copy and as a scanned document.

As the Program Assistant logs the proposals, she sets aside the determination letters for the Grants Administrator, who will hold them until the request is declined or recommended for award. They are kept in the alphabetical file located in the bottom left drawer of her desk. If the letter is from an organization recognized as a current grantee, she can check the date on the letter against the organization's most recent determination letter, which is noted in the organization's tax screen Field "Registration Date;" it can also be found in the H:\\Records\\Grants\\IRS Det Lets\\Directory-first letter of the organization's name. If the date on the letter is the same or earlier than what the database contains, discard the letter. If the date on the letter is more recent than the database entry, it needs to be updated.

Here's how to enter or update a grantee organization's tax record [Exhibit H]:

- A. Open the organization's record and move to the tax screen.
- B. Complete or verify the organization's legal name.
- C. Enter or verify the Employer Identification Number (EIN) – referred to as the "Tax ID" Field in Gifts.
- D. The Registration Date represents the date of the most recent determination letter we have on file. If this field is empty (and the organization is not foreign), place a note (req det let) in the payment field of the request to remind you to ask for it in the award letter or check transmittal letter.
- E. Select your name from the pull down menu of the Last Verified By field; tab to the next field.
- F. Use the F3 key to insert the current date into the Last Verified On field; this is also the date that will pull into the Yellow Checklist if it is needed.
- G. If this is a new entry, tabbing to the next field will automatically pull in the current date and change it to the next year in the Next Verification On field. If there already was a date here, F3 for the current date, "end" key and backspace once; type last digit of next year.
- H. In the Tax Status area, enter each tax status code found on the most recent determination letter *[I]* by using the pull-down menu on each line, followed on each line by the date of the original determination letter, or current letter if original date unknown.

- I. The first line should be 501(c)(3), the second should start with 509(a)(1 or 2 or 3), the third line would probably be 170(b)(1)(A) (vi or i-v). If the second line is 509(a)(3), the Type must also be selected, if known at this time. [If not known, a letter requesting this information must be sent to the grantee if a grant is awarded.] If covered under a group exemption, note the group number, if available, in the notes field to the left.
- J. If the determination letter indicates a private foundation (PF) or private operating foundation (POF), select accordingly. Select Foreign on the first line if the organization is international or foreign. For either of these types, be sure the “Exp-(*type*)” code is used in the “Internal Program” field of the organization’s coding tab. Also, verify or enter the same Expenditure Accounting code in the “Internal Program” field on the codes tab of the request, if there is one pending or one has been awarded during the year.
- K. The letter you are entering should then be stamped with the red ENTERED stamp and the name highlight with a yellow marker. Scan the new letter as a tif file.
- L. The scanned document will arrive in your email. Open and save it using an abbreviated name in the H:\Records\Grants\IRS det let directory; close the file. Then, open the existing file that uses the complete name of the organization, selecting from the A-Z directory according to first letter of the organization’s name [*Exhibit J*]. It will open in the e-Copy Desktop software. Click on the “view all” icon and place the cursor on the last page. From the top menu, select Edit and Insert File, selecting the file you just saved with the abbreviated name. While in the “view all” layout, arrange the pages by dragging them so that the newest are first. Save the updated file with the organization’s complete name (as it was when you opened it) and delete the email. If no determination letter was on file, save the scanned file directly to the appropriate alphabetical directory using the organization’s full name.
- M. File the determination letter in the permanent file located in the bottom drawer of the lateral file cabinet in the office of the Grants Administrator. If other letters are already on file for the organization, staple the new copy to the top of the existing determination letter(s).

To purge the holding file:

After each board meeting, go through the alphabetical file holding the determination letters that were sent in with proposals. Search Gifts for the ID# on the determination letter. If the database indicates the request has been declined, discard the determination letter. If the database indicates the request is “Pending Staff Review” or “Preliminary,” return the letter to the alphabetical file. If the request disposition is “Active Grant” or “Staff Recommends,” focus on the request and move to the organization tab. Double-click to open the record; move to the Tax Status screen; continue as above to update or complete the tax record.

Determination letter not on file:

The IRS tax exempt status determination letter should be requested as soon as the grantee's proposal is placed on the agenda as a recommendation. If the letter is not already on file, send letter of request and search Charity Check as usual.

If organization has not received final determination letter, ask for copy of letter of application for our file, requesting they send the letter when received.

If the signed agreement is received and the payment could be released, request approval from the VP-Finance to release payment with a request to send the determination letter immediately; also, let her know whether or not the organization was found in Charity Check.

If determination letter requested with the check transmittal letter is not received in three weeks, follow up with grantee or ask program staff for assistance in procuring the letter.

Expenditure accounting may be required at year-end for grantees not providing their IRS letter, or not providing it before payment was released, as determined by VP-Finance. The Internal Program code to use is "Exp Resp – New Org applied to IRS" and will pull into the appropriate reports.

POTENTIAL COMPLIANCE ISSUES

February 1, 2012

After completing the pre-board meeting compliance steps, prepare a memo to the VP-Finance providing information on any potential compliance issues of the requests being recommended for award at the upcoming meeting. Indicate name of the staff member preparing the write-up for each item included in the memo. Also include actions you will be taking for each situation.

Items to include are:

1. Organizations for which we do not yet have an IRS determination letter on file; note what status is found in Guidestar, if any.
2. All 509(a)(3) organizations: indicate Type 1, 2, 3 and functionally integrated or not.
3. Non 501(c)(3) entities.
4. Foreign grantees recommended; include whether or not the grantee is current in responding to expenditure accounting requests.

TAX EXPLANATIONS FOR REFERENCE

October 3, 2011

PRIVATE OPERATING FOUNDATIONS (POF)

- Run own program
- Do qualify toward minimum distribution requirements
- Don't have to prove gave money away; we don't need to know
- Expenditure Accounting should be done

PRIVATE FOUNDATIONS (PF)

- Must prove grantee spent funds within 12 months in order to use towards minimum distribution requirement
- Expenditure Accounting required

PUBLIC SUPPORT STATUS 509(a)(1), (2), (3), (4) and 170(b)(1)(A)(vi)

- Not subject to various excise taxes that apply to private foundations
- Section 170(b)(1)(A)(vi) [within the 509(a)(1) code] organizations receiving at least 33 1/3 percent of their support from a governmental unit or from the general public
- Section 509(a)(2) organizations receiving more than one-third of their support from a combination of gifts, grants, contributions, membership fees, and gross receipts from performing exempt function activities, and not more than one-third of their support from investment income and unrelated business taxable income

SUPPORTING ORGANIZATION 509(a)(3)

- Organized exclusively to support a public charity
- Must determine if the 509(a)(3) grantee is Type 1, Type 2 or Type 3
Type 1: Operated, supervised, or controlled by,
Type 2: Supervised or controlled in connection with,
Type 3: Operated in connection with one or more publicly supported organizations, also known as Functionally Integrated
- A Type 3 organization cannot count as a qualifying distribution
- Expenditure Accounting required for Type 3 organizations
- The Foundation must retain a certification letter from the organization's attorney, and the articles of incorporation and by-laws, as documentation supporting the Type 3 functionally integrated status, unless specified in the determination letter

HOW TO PREPARE THE YELLOW CHECKLIST

October 17, 2012

The yellow checklist is used to document due diligence in respect to grantee compliance of tax exempt status. Some understanding of tax and grant compliance matters is necessary. The yellow checklist template contains many default answers which, in a few instances, will need to be changed.

1. Open the “yellow checklist” template in the admin module of Gifts. Update the award date and date sent to correspond with the current meeting. Save and close. (If unable to do this, after all are merged into one document, use Word’s search and replace feature by searching for the date being used on the checklists and replacing with the appropriate date.)
2. When most recommendations are coded in Gifts as Staff Recommend, search from the request tab for those included in the upcoming meeting. (Status = Staff Recommend & Meeting Date = [current meeting date]; may add Sector = xxx.)
3. Choose the “Alpha Staff Recs” view. Select all records on screen. Click on the “send correspondence” icon; select “yellow checklist” from the pull down menu. As you move through the correspondence wizard, be sure to select “record activity” and “save file to disk” so any of the checklists may be edited in the future; complete the merge.
4. With all recommendations still selected, focus and move to the organization tab; apply the “tax info” view. Now, return to the merged yellow checklist document to review for completeness. Referring to the tax information now on the Gifts screen, you will be able to see which organizations are not publicly supported and which directors are affiliated with these grantees; update the checklist accordingly. Also adjust for foreign grants. Sometimes you may find it necessary to refer to the quarterly spreadsheet for data as well. Print the completed forms on yellow paper.
5. If an organization is not found in Guidestar, some things need to be changed in the “Tax Exempt Status” portion of the checklist. Change the “charity check report printed” “Yes” to “No”. If we do not have the determination letter on file, replace the “yes” with “no” and beneath, type “will request.” If uncertain whether or not the organization is “publicly supported,” place three “?” after the entry asking for “type.” This information may be updated and the page reprinted if further documentation is received.
6. Attach the corresponding “Charity Check” report printed from Guidestar to the back of each proposal’s yellow checklist. When all are completed, place in the open agency filing area for the Program Assistant to file.