

Expenditure Responsibility Guidance

The IRS imposes certain restrictions (“expenditure responsibility”) on the issuance of grants by private foundations, like The Rockefeller Foundation (RF), to entities that are not U.S. 501(c)(3) public charities or the equivalent thereof.

These restrictions require a grant agreement with the grantee and compliance with the rules highlighted in this reference sheet. Grantees should take these requirements into account when accepting a grant from RF.

Restrictions on the Use of Funds

Grant funds given to organizations without a U.S. 501(c)(3) public charity tax status, or an equivalency determination must be used for a specific charitable project. In particular, the grant funds **cannot** be used for the following:

- General operating expenses or overhead, such as
 - rent, utilities and maintenance;
 - library, information, and technology support; or
 - personnel management (human resources);
- Any non-charitable activities;
- Purchasing equipment without RF’s prior written permission;
- Lobbying or political campaign/election activities (*see The Rockefeller Foundation Lobbying Guidance (v2024)*); or
- Re-granting to organizations or individuals without RF’s prior written permission.

Grantees will also be required too either:

- (1) maintain the funds in a physically separate bank account restricted to charitable purposes, or
- (2) record and maintain the funds in a separate bookkeeping account (limited to charitable purposes) in their financial records.

Requirements of ER Grants

1. Budget

Because RF must be able to certify that its funds were used for the approved charitable project, a line-item budget is required. We cannot accept a flat-fee, or task-based budget that does not also include a breakout of staff time toward each task.

While we understand that salaries may be confidential, at minimum the name and/or level of expected staff (i.e. principal, senior, junior) and a breakdown of each person's percentage of time allocated to the project should accompany any aggregate salary and/or fringe benefit line item.

Staff/consultant time may be based on anticipated hours or on a percentage of each individual's time, but in either case the time spent on the project must be able to be tracked and must form the basis for the financial reports described below under "Reporting Requirements."

Likewise, an aggregate travel line item should be accompanied by a narrative or line-item breakdown of the people and frequency of anticipated trips. In addition to staff time and travel, other anticipated expenses should also be detailed.

2. Reporting

Once a grant has been awarded, in addition to any specific project deliverables outlined in the grant agreement, grantees will be responsible for providing the following reports and maintaining records thereof for a period of 4 years:

- Interim (if applicable) and final narrative reports that describe the progress made in achieving the agreed upon deliverables and milestones, periodically and at least at the end of each of the grantee's fiscal year(s) in which grant funds are held by the grantee.

- Interim (if applicable) and final financial reports in Excel that track actual expenditures against the budget approved for the grant, at the same intervals as narrative reports. Please note that financial reports should not be formatted like or referred to as invoices.

3. Repayment

RF must (and will) include a provision in the grant agreement giving it the right to require repayment of the grant funds, if the funds have not been used for their intended charitable purpose.