

Equivalency Determination for New and Existing Grantees

The Internal Revenue Service (IRS) requires private foundations to follow certain rules and procedures when making grants to organizations located outside the U.S. For this reason, the foundation needs additional information to help us determine if your organization would qualify as the equivalent of a U.S. public charity. This is called an equivalency determination.

In order to make an equivalency determination to a new grantee, we generally need to obtain and review three key documents:

- Affidavit¹
- Governing documents (as an attachment to the Affidavit)
- Public Support Schedule

There are, however, several exceptions to these documentation requirements for Canadian registered charities and universities, which are explained in the instructions.

The instructions explain which documents are required and how to complete them. Please note that the information we receive on the basis of this request does not determine if we can award a grant to your organization. Rather, this information helps us determine what type of legal due diligence we need to complete to award the proposed grant.

Submitting Documents to the Foundation

Please return all completed documents to your grant team as soon as possible via email. Your grant team will forward the documents to our legal department for review. The document review process can take up to two weeks, so we ask that you send the requested documents as soon as possible to expedite this part of the grant development process. You will receive additional information on ongoing equivalency determination requirements, if any, in the grant agreement.

Affidavit Instructions

Complete and sign the attached Equivalency Determination Affidavit.

This affidavit explains your organizational structure, charitable purpose or activities, governing documents and other information. Your organization must be organized and operated for charitable or other exempt purposes only, meaning that you are not a for-profit organization. In addition, assets of your organization must be permanently dedicated to an exempt purpose. This means that should your organization dissolve, its assets must be distributed for a charitable purpose or to the federal, state or local government for a public purpose.

The affidavit must be signed by an authorized officer.

**Canadian registered charities are exempt from the affidavit requirement.*

Governing Document Instructions

¹ "Affidavit" is a legal term that refers to a sworn statement that has legal standing before official agencies.

Send a copy of your governing documents in English (as an attachment to the Equivalency Determination Affidavit).

It is essential that you attach to the affidavit English language copies of your founding charter, bylaws and other documents that your organization uses to govern itself. If translation poses a major problem or constraint to your organization, please consult with your grant team. We will review your organization's governing documents to confirm that its purposes and activities are consistent with those of a U.S. public charity.

**Canadian registered charities are exempt from the governing documents requirement.*

Public Support Schedule

Complete the attached Public Support Schedule (as an attachment to the Equivalency Determination Affidavit).

The Public Support Schedule helps us determine if your organization passes a "public support test" that must be met by most U.S. public charities. The Public Support Schedule lists the types and sources of your total financial support over the most recent five-year period and helps us calculate what portion of your support is "public," as defined by the IRS.

**Schools, universities, hospitals, churches and governmental agencies are exempt from the public support schedule requirement.*

Please complete all blue cells and confirm all green cells are accurate in the attached Public Support Schedule, including information through your most recent complete fiscal year. You should use your normal method of accounting (cash or accrual) in the Public Support Schedule. If audited financial information is not available for your most recent complete fiscal year, please use unaudited financials and change the column title from "audited" to "unaudited." If you do not have financial information available for the past five years, please contact your grant team.

How to fill out the Public Support Schedule:

SUPPORT SCHEDULE TAB:

Line 1- Gifts, grants, contributions and memberships

These are voluntary payments or donations to your organization for which no material product or services are given to the contributor, although services might be provided to others (such as the general public). You should also include membership fees received for the purpose of general support and gifts other than cash (such as free rent, equipment, materials or supplies) at the fair market value at the time the items were donated. If the purpose of the membership fee is to purchase admissions, merchandise or services, the fees are not included here; they belong on line 10. Also, non-cash gifts from a governmental agency are not included here; they belong on line 3. The value of volunteer services cannot be included here or elsewhere. Other line 1 examples include: a grant like the one you are applying for from the foundation; a contribution from a corporation or individual; a cash grant from the government to support your organization's general purposes or to support a specific program or research project; and lottery money, whether or not it is from the government.

Line 2- Tax revenue levies for the organization's benefit

These are revenues from taxes levied by the government on behalf of your organization and either paid to it or expended on its behalf.

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Grantee Resources

Line 3- Value of services or facilities furnished by a governmental unit to the organization without charge

Include the fair market value on the date you received services or facilities given to you, free of charge, by the government or a governmental agency. Do not include services or facilities if they are also available at no charge to the general public.

Line 5- Gross income from interest; dividends; payments received on securities, loans, rents, royalties; and income from similar sources

Include interest income and rental income that are related to your charitable purpose.

Line 6- Net income from unrelated business activities

Include all net income from business activities that you regularly perform that are not related to your charitable activities. Net income is total income minus the expense of producing that income. For example, if you operated a bookstore whose operations were not considered part of your charitable purpose, the net income would be included here. Money made on currency exchange gain would also be considered unrelated income.

Line 10- Gross receipts for related activities

These are amounts received that are, in effect, not a gift or grant but a payment for the exercise or performance by the organization of its charitable purpose. Line 10 examples include selling merchandise that is substantially all received as gifts, business primarily for the convenience for its members and rental income from members lists. If an organization receives almost all of its support from gross receipts rather than the government or public contributions, it may not be treated as a public charity.

MAJOR DONOR TAB:

Complete this form for any donors whose aggregate five-year contributions exceed the 2 percent total support figure in cell G15 of the support schedule tab (the same figure in column J of the major donor tab). List the complete name of the donor in English. In column I, type "yes" if the donor is a unit of U.S. or foreign government or a U.S. public charity. Otherwise, type "no."

Attachments

Your grant team will provide you with the following documents to complete, if applicable:

- Equivalency Determination Affidavit
- Equivalency Determination Public Support Schedule