



## EXPENDITURE RESPONSIBILITY

Federal law mandates that all funding received by Nonprofit Partners for your sponsored project must be used exclusively for charitable purposes. Expenditure responsibility refers to the process of required oversight and monitoring that NP engages in to ensure we are meeting both the measure of the law and our charitable mission. It ensures clear documentation of how NP provides a grant to a non-charity and continues oversight of the grant.

### **Pre-grant Inquiry**

A reasonable investigation of the grantee to ensure that the proposed activity is charitable, and that the grantee is able to perform the proposed activity.

### **Written Agreement**

Execute a written agreement with the grantee that specifies the charitable purposes of the grant and includes certain required terms and conditions, including a prohibition on using the funds for lobbying or political campaign activities, a requirement that the grantee return any funds not used for the designated purposes, and a budget for the charitable project being conducted.

### **Segregation of Funding**

Require the grantee to maintain the grant funds in a separate fund so that charitable funds are segregated from non-charitable funds.

### **Reporting**

Require the grantee to provide regular reports on the use of the funds and the charitable activity supported by the grant.

Additionally, when distributions are requested for your sponsored project, NP requires appropriate documentation to make payment, which is required for audit purposes and by IRS guidelines. Requests must include an invoice, copies of the original receipts and/or proof of payment, as well as a description of the purchase and its purpose. Bank and credit card statements and copies of checks are not considered acceptable forms of documentation. More details can be found in “Making Distributions from Your Sponsored Project Fund.”