



# Global Grants Program

TAX

## Facilitating an Effective Global Grants Program

When making charitable grants, charitable organizations and other taxable entities must navigate a host of obstacles as well as today's strict regulatory environment. Designing and administering an efficient and effective grantmaking program has also become more complex, especially when it involves international grants, grants to noncharitable entities, or program-related investments.

More stringent tax rules governing grants to foreign entities and noncharitable domestic entities—combined with the logistical challenges of orchestrating overseas grant activities—are forcing organizations to take a more strategic approach to developing and administering grantmaking programs.

### KPMG Can Help

KPMG International's Global Grants Program (GGP) has the knowledge and global network of resources to help organizations develop and facilitate effective grantmaking programs for their charitable objectives. Our experienced professionals can help you at all stages of a grantmaking program so that it is consistent with tax law requirements and supports your organization's key objectives. Our services focus on three key areas:

- **Process Design** – We can help growing organizations develop an effective grantmaking process that complies with tax law requirements. We can also assist clients in reviewing or modifying existing grantmaking processes to determine that they are operated efficiently and in accordance with tax law to achieve their charitable goals.
- **Facilitation** – We can assist clients in administering complex grantmaking programs in accordance with domestic and international tax laws. We assist in assessing whether grants will meet the charitable requirements of section 170, the minimum distribution requirements of section 4942, and the taxable expenditure rules of section 4945. We also assist in implementing due diligence, monitoring, and reporting requirements of the "expenditure responsibility" rules of section 4945. We can assist with monitoring how grant monies are disbursed and used, and can provide "in-country" support to organizations granting outside of the United States. Finally, but no less importantly, we can help clients determine if funds have been diverted and used for improper purposes.
- **Compliance** – We can assist clients in meeting state, national, and international regulatory compliance and reporting requirements. These include Internal Revenue Service (IRS) reporting requirements of expenditure responsibility rules, preparing and filing IRS Forms 990 and 990-PF, state filings, and foreign jurisdiction filings.

### Process Design Services

We can assist clients in developing an effective grantmaking process that is consistent with tax law requirements and the charitable mission of our clients. Our GGP process design services include:

- Facilitating a process to help an organization determine its grantmaking goals and methods to meet those goals, while also meeting applicable tax law requirements. This could include, for example, an education session for board and management team members; facilitation of a brainstorming session for board, management, and staff team members; a written report outlining options, tax issues, and other considerations; and presentations to the board and management team.
- Reviewing existing grantmaking programs after which observations, recommendations, and other findings are presented in a written report—as well as in an oral presentation to the board, management, and staff team.
- Delivering sample policies, procedures, forms, and documents relating to the grant-making process to inside or outside legal counsel, for counsel's consideration in drafting the documentation to be used.

- Preparing requests for private letter rulings from the IRS on a range of issues relating to grant and related programs.

### Facilitation Services

KPMG International's GGP Facilitation Services are designed to assist an organization in administering its grantmaking program in accordance with tax law requirements and the organization's own needs. We provide services throughout the entire life cycle of a grant, with a particular focus on:

- **Grantee Assessment** – can help clients assess potential grantees before they receive funding, by undertaking a comprehensive Pre-Grant Evaluation (PGE) and preparation of a PGE report, with support documentation. This process may also include a budget analysis, benchmarking with comparable grants, and observations and recommendations to help the grantee establish systems to better manage and use grant funds. We can also help identify key issues that we recommend be addressed prior to the grant being made, such as human resource, administrative, operational and other capacity issues.
- **Grantee Monitoring** – can help clients monitor grantees after they receive funding, by undertaking a comprehensive Grant Expenditure Evaluation (GEE) and preparation of a GEE report, with support documentation. This process may also include a detailed analysis of budget versus actual expenditures, identification of potential diverted funds, and observations and recommendations to help improve the grantee's overall financial management and administration of the grant. During the grant period, we can also help identify key issues for the grantee to address before receiving additional grant payments.
- **Other Grant Assistance** – can advise clients on the administration of an effective grantmaking program and provide administrative and operational assistance to grantees to help them fulfill the granting organization's charitable goals. Our GGP professionals have a strong commitment to enhancing the relationship between the organization and its grantees.

Our procedures are designed to help the organization meet applicable tax law requirements, including sections 170, 4942, and 4945 that apply to charitable organizations. They can also help organizations recognize issues early on.

### Compliance Services

Subject to client review and approval, KPMG International's member firms can assist clients and their grantees in meeting global compliance and reporting requirements, by:

- Preparing IRS Forms 990, 990-PF, 4720, and 8734
- Preparing IRS expenditure responsibility reports
- Advising on disclosure requirements regarding IRS Forms 990, 990-PF, and 1023
- Preparing state and local filings
- Preparing foreign jurisdiction filings
- Advising on multi-jurisdictional compliance due dates
- Advising on records maintenance requirements
- Advising on disclosure requirements regarding program-related investments (PRIs)

### Experience Can Deliver Value

KPMG International's GGP and our network of member firms have the experience and resources to help organizations develop and facilitate effective domestic and international charitable activities and grantmaking programs. Our experienced professionals can help you develop, enhance, and operate "leading practice" programs that are consistent with tax law requirements and support your organization's key objectives.

KPMG International's GGP can deliver important benefits by helping your organization to:

- Establish an *effective* domestic or international grantmaking program in today's complex environment
- Stay in compliance with U.S. and foreign tax and other rules
- Use internal resources more efficiently and effectively

The opportunities—and the challenges—facing organizations with charitable objectives have never been greater. KPMG International and its member firms have the experience—and global tax, accounting and advisory resources—to help you and your organization convert opportunities into positive results.

**Contact**

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