

# **CHARLES STEWART MOTT FOUNDATION**

## **AFFIDAVIT UPDATE PACKET FOR NON-U.S. GRANTEES**

**This packet includes instructions for the following forms and schedules:**

- ▶ AFFIDAVIT UPDATE**
- ▶ PUBLIC SUPPORT SCHEDULE**
- ▶ MAJOR DONOR SUPPORT SCHEDULE**

Please provide all information requested in this packet.

The principal officer or director who is authorized to represent your organization must sign the Affidavit Update.

Mail the complete packet to your Mott program officer at this address:

**C. S. Mott Foundation  
1200 Mott Foundation Building  
Flint, Michigan 48502-1851, U.S.A.**

## INTRODUCTION

In order for the Mott Foundation, or any other United States grantmaking foundation, to make a grant to a non-U.S. charitable organization, certain rules and procedures must be followed. We must determine that your organization would qualify as a public charity in the U.S. We make this determination based on a document which we refer to as an "affidavit."<sup>1</sup> In order to ensure that a grantee continues to be a public charity equivalent, an "affidavit update packet" is required to be completed by all non-U.S. grantees approximately every two years.

**This first part of the packet includes instructions for the three required forms.**

**The second part of the packet is an Affidavit Update** form which you must complete and sign. This document verifies that there has been no change in the facts described in the original Affidavit submitted to the Mott Foundation. Your organization must be organized and operated for charitable or other exempt purposes only, meaning that you are not a for-profit organization.

**The third part of the packet includes two financial forms.** These financial forms will indicate whether or not your organization qualifies as a public charity according to the "public support test" of the U.S. Internal Revenue Service (IRS), the U.S. government department which has oversight over nonprofit organizations. The **Public Support Schedule** lists the types and sources of your actual financial support over the most recent five-year period. The **Major Donor Support** form helps us calculate what portion of your support is "public," as defined by the IRS.

You must provide the Mott Foundation with the information requested on the Public Support Schedule and the Major Donor Support form, unless your organization is a school or university, hospital, church, or governmental agency. **For all other public charities, these forms are required.**

Be sure to **sign the Affidavit Update and complete all forms as indicated.** It is very important that you provide all the information and financial figures requested on the forms. If you have problems or questions, please contact your Mott Foundation program officer immediately.

### **ALL 3 FORMS MUST BE SUBMITTED TOGETHER**

**Note:** Once the affidavit update packet is complete, it may be used by other grantmaking foundations in the U.S. If you completed a Public Support Schedule and Major Donor Support form for another foundation within the last year, it may be possible for the Mott Foundation to use those. You must state on the Affidavit Update or separate cover letter that no changes have taken place since the original packet was completed.

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

## AFFIDAVIT UPDATE INSTRUCTIONS

Please fill in the complete **legal name of your organization** at the top of the Affidavit Update. The Affidavit Update and all attachments or supporting documents requested must be in English and in the Native Language. Either type the forms or print clearly. The Affidavit refers often to the "Grantee." This word refers to your organization; it has approximately the same meaning as "applicant."

Enter the name and title of the **principal officer or director** who is authorized to represent your organization that will be signing this form.

**Attach the list of current officers, directors and trustees.** Note – directors and trustees are those who serve on the board of the organization. An officer is someone who holds a position of trust, is responsible for the day-to-day and typically has the authority to enter into a contract on behalf of the organization.

**Complete information related to governing documents and laws.** Confirm that there have been no changes to the laws and governing documents submitted with the original affidavit. Provide dates of original governing documents and amendments and confirm that the Foundation has the most recent copies of these documents.

Have the person identified above **sign and date the form.**

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## PUBLIC SUPPORT SCHEDULE INSTRUCTIONS

This form or "schedule" will enable the Mott Foundation to determine whether or not your organization meets the IRS definition for a publicly supported charity. Under U.S. law, a charitable organization is considered to be publicly supported if it meets certain conditions referred to as the "public support test." Ideally, a charitable organization's **public support** (meaning revenues from public sources) must be at least one-third (33.3 percent) of its **total support**.

If your organization does not meet the requirement that at least 33.3 percent of its total support comes from public sources, it may still be considered as a public charity equivalent if it meets other criteria, as determined by an IRS "facts and circumstances" test. If this situation should arise, Mott Foundation staff will provide you with further instructions.

If the Grantee has been in existence 5 or more years, complete this schedule for the most recent 5 years using actual fiscal year figures (not projected figures). For example, if you are filling out the form in 2018, your figures for 2013 should go in column (a), 2014 in column (b), 2015 in column (c), 2016 in column (d), and 2017 in column (e). Write the year at the top of each column.

If in existence less than 5 years, complete this schedule for each year in existence and provide projections of your estimated revenues for a total of 4 years of financial

information. Also, if the Grantee has been in existence **less than 5 years**, complete the **“Facts and Circumstances”** (see Attachment 1) to assist the Foundation in determining whether the Grantee can reasonably be expected to be publicly supported.

The Public Support Schedule divides your sources of revenues into six categories, which are described below. Enter the appropriate amounts for the last five years.

**Line 1. Gifts, grants, and contributions.** 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). Other examples include: a grant like the one you are applying for from the Mott 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; lottery money, whether or not from the government; and revenue from taxes levied by the government on behalf of your organization. You should also include on this line gifts other than cash (such as free rent, equipment, materials, or supplies) at the fair market value at the time the items were donated. However, non-cash gifts from a governmental agency should not be included here. Those amounts should be entered on Line 6. The value of volunteer services cannot be included on the Public Support Schedule.

**Line 2. Membership fees.** If, for the purpose of general support, your organization charges membership dues or accepts a donation of some kind from its members, those membership dues should be reported on this line. If members receive something of value or receive a material or substantial benefit, that amount should be subtracted from the amount you report as membership fees. For example, if your organization charges members \$100 per year and only provides a periodic newsletter, the entire \$100 would be considered dues. If you provided a guide to membership services worth \$20, then only \$80 would be considered membership dues.

**Line 3. Program service revenue** related to your charitable purpose, such as:

- All payments received from admissions to events such as conferences, seminars, and workshops.
- Merchandise sold by your organization relating to its charitable purpose.
- A portion of membership dues. If, for their \$100 membership payment, members received a guide to your services worth \$20, the \$20 would be program service revenue.
- Fee for services related to your charitable purpose. If your organization's purpose is to provide legal services to low-income people for a small fee, that fee is considered program service revenue.
- Fee for services performed for a governmental agency for the direct benefit of the government agency and not the general public.
- Rental income, if it relates to your charitable purpose.
- Interest from a revolving loan fund operated by your organization as part of its charitable purpose.

**Line 4. Interest, dividends, rents, and royalties.** Interest income and rental income that are related to your charitable purpose belong on line 3. But here on line 4, include any interest, dividends, rents, and royalties that are not directly related to your charitable purpose. For example, if your organization has a bank account that earns interest income, that income should be recorded here. (Note: A capital gain or loss that you have when you sell investments or other capital assets should not be included on the Public Support Schedule.)

**Line 5. Income unrelated to your charitable purposes.** 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 6. Governmental services and facilities.** 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.

**Columns (f), (g), and (h).** For rows 1 through 6, add columns (a) through (e) and enter the total where indicated. (*Note: In the Excel version of the form, all calculations will be done automatically.*)

**Line 7. Totals.** Calculate the total for each column, (a) through (h).

**Line 8. Calculate 2 percent** of the amount in box 7(h) and enter it here and also at the top of the Major Donor Support form.

**Leave rows 9, 10, and 11 blank,** the Mott Foundation will complete them.

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## MAJOR DONOR SUPPORT SCHEDULE INSTRUCTIONS

**Enter the 2 percent figure** from Line 8(h) of the Public Support Schedule at the top of the Major Donor Support form. Complete this form for all contributions your organization received from one source which are over this 2 percent figure for the five-year period.

**Donor and type of support.** List the complete name of the contributor in the first column. In the next column, identify what type of organization or individual made the contribution. A key is provided at the top of the form to help you classify the donor. All contributing organizations must be assigned a number between 1 and 6 based on this key. Number 5, “publicly supported organizations,” refers to contributions to your organization by churches, schools, medical institutions, or organizations that can show that a significant portion of their revenues comes from gifts or contributions from a wide cross-section of the general public, rather than from one person, one company, or one family.

**Columns (a) through (e).** For each donor, enter the amount of support for each of the last five years.

**Column (f).** For each row, add columns (a) through (e) and enter the total here. (**Note:** *In the Excel version of the form, these totals will calculate automatically.*)

**Leave columns (g) and (h) blank,** the Mott Foundation will complete them.

**SUBMITTING THE AFFIDAVIT UPDATE PACKET TO THE MOTT FOUNDATION**

Mail or email the signed Affidavit Update, the two financial forms, and any supporting documents to your program officer at the C. S. Mott Foundation. The mailing address of the C. S. Mott Foundation is listed on the cover page.

Keep copies on file for future use.

## Facts and Circumstances

The organization must be able to demonstrate two elements:

1. The total amount of public support must equal or exceed an *absolute minimum ten percent* of total support for the applicable period.
2. The organization must be organized and operated to attract new and additional public support on a continuous basis. The Treasury regulations state: “An organization will be considered to meet this requirement if it maintains a continuous and bona fide program for solicitation of funds from the general public, community, or membership group involved... consideration will be given to whether the scope of its fundraising activities is reasonable in light of its charitable activities.” [Treas. Reg. Section 170A-9(f)(3)(ii)]

In addition to meeting these two requirements, all pertinent “facts and circumstances” surrounding the operations of an organization will be taken into consideration in determining whether this test is sufficiently satisfied. The Treasury regulations list five “facts and circumstances” that will be considered as important factors. An organization is not required to satisfy all of the factors, nor are the five factors listed exclusive – others may reasonably be considered.

1. **Percentage of Financial Support.** The higher the percentage of public support *above* the minimum 10 percent requirement, the lesser will be the burden of establishing the publicly supported nature of the organization through other factors. Obviously, the converse is also true. If the percentage of public support barely exceeds the minimum (11 percent for example), other facts and circumstances will need to be present that strongly suggest the public nature of the organization.
2. **Sources of Support.** The issue raised by this factor is: How broad is the base of support? Is the support from governmental units and a “representative number of persons,” or is most of the support from the members of a single family? The Treasury regulations make clear that, in determining what is a representative number of persons, consideration will be given to “the type of organization involved, the length of time it has been in existence, and whether it limits its activities to a particular community or region or to a special field which can be expected to appeal to a limited number of persons.” [Treas. Reg. Section 170A-9(f)(3)(iii)(B)]
3. **Representative Governing Body.** Under this factor an organization will benefit the more it can demonstrate that its governing body “represents the broad interests of the public, rather than the personal or private interests of a limited number of donors.” Strict quotas are not what is called for with this factor. The regulations make clear that a governing body will be deemed “representative,” if it is comprised “of public officials acting in their capacities as such; of individuals selected by public officials acting in their capacities as such; of persons having special knowledge or expertise in the particular field or discipline in which the

organization is operating; of community leaders, such as elected or appointed officials, clergymen, educators, civic leaders, or other such persons representing a broad cross-section of the views and interests of the community..." [Treas. Reg. Section 170A-9(f)(3)(iii)(C)]

4. **Availability of public facilities or services; public participation in programs or policies.** Museums, libraries, and performing arts groups benefit most from this factor since their buildings and performances are open to the public. Yet, by continually offering services to donors in planning their giving and establishing funds, an organization could take advantage of this factor as well. To the extent any charity can show that its facilities, programs, activities, services or policies are open to the public, used by the public, or involve significant input from public officials or the public at large, this factor will be helpful in passing the facts and circumstances test.
  
5. **Factors Pertinent to Membership Organizations.** Key elements here include whether or not the dues rates are designed to attract membership from a broad cross-section of the public, and whether the activities of the organization are likely to appeal to persons having some broad common interest or purpose.