

RECOVERABLE GRANT AGREEMENT

NOTE: This agreement is shared by [LOCUS Impact Investing](#) as an example of language and format a Community Foundation may consider. Only your individual attorney can provide assurances that the information contained herein – and your interpretation of it – is applicable or appropriate to your situation.

This Recoverable Grant Agreement (the “Agreement”), dated as of _____ (the “Effective Date”), is entered into by and between the Community Foundation (“Foundation”), a nonprofit [state] corporation with offices at [address] and [organization] a [state] nonprofit corporation with offices at [address]. The Foundation and [organization] each are a “Party” to this Agreement and collectively, are referred to as the “Parties.”

RECITALS

WHEREAS, [ORGANIZATION] is a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and a public charity within the meaning of Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code;

WHEREAS, [ORGANIZATION] was organized for the exclusive charitable purposes of [mission of the organization] in [location where services are provided];

WHEREAS, [ORGANIZATION] desires to secure funds to support [what will it support] through a blend of various types of capital, including loans from lenders, recoverable grants, and traditional (non-recoverable) grants;

WHEREAS, the Foundation supports the charitable purposes of [ORGANIZATION] and desires to make available its funds for use in [ORGANIZATION]’s [name of program or type] programs;

WHEREAS, the advisors to a donor-advised fund, the [DAF name], at the Foundation desire to recommend a recoverable grant to [ORGANIZATION] for [name of program or type] programs;

NOW THEREFORE, pursuant to the terms and conditions of the Agreement, and for other good and valuable consideration, the Parties hereby agree as follows:

ARTICLE I THE RECOVERABLE GRANT

1.1 The Recoverable Grant. The Foundation agrees to make a Recoverable Grant to [ORGANIZATION] in the amount of \$\$\$\$ (the “Recoverable Grant”) for the sole purpose of supporting [ORGANIZATION]’s [description] programs. This Recoverable Grant is for a duration of [# of years] years, and at the end of the [#]-year grant period, [ORGANIZATION] shall repay the funds in full to the Foundation.

1.2 Disbursement of Recoverable Grant. After execution of the Agreement and receipt of all required documents from [ORGANIZATION], the Foundation will disburse by

[check, wire, etc.] the Recoverable Grant to [ORGANIZATION] no later than [date] (the “Closing”). The Parties may agree in writing to change the Closing date.

1.3 No Interest Accrual. The Recoverable Grant shall accrue no interest during the duration of the [#]-year grant period.

1.4 Purpose and Use of Proceeds. The purpose of the Recoverable Grant is to [what will it support]. All proceeds of the Recoverable Grant shall be used by [ORGANIZATION] in its [description of what the grant will support] work.

1.5 Grant Repayment. [ORGANIZATION] agrees to fully repay the Recoverable Grant to the Foundation on or before [date] (the “Repayment Date”). [ORGANIZATION] may make periodic repayments of the Recoverable Grant to the Foundation at any time during the [#] grant period. The Foundation will send an invoice to [ORGANIZATION] 90 days before the Repayment Date of the Recoverable Grant.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 Organization and Powers. [ORGANIZATION] is a nonprofit corporation duly organized and in good standing under the laws of [state]. [ORGANIZATION] has all requisite corporate power and authority to execute this Agreement.

2.2 Tax Exempt Status. The IRS has determined [ORGANIZATION] is a tax-exempt organization and public charity under the Code.

2.3 Litigation. Except as disclosed in writing to the Foundation on the attached schedules, there are no judgments, actions, claims, legal proceedings or investigations pending or threatened involving [ORGANIZATION].

2.4 Financial Statements. The [audited] statement of financial position of [ORGANIZATION] as of [date] previously delivered to the Foundation are complete and correct and fairly present the financial position of [ORGANIZATION].

2.5 Taxes. [ORGANIZATION] has filed all tax and information returns required to be filed in any jurisdiction and has paid all taxes, assessments, fees of other governmental charges. There are no tax audits currently being conducted involving [ORGANIZATION].

2.6 Indebtedness. Except as disclosed in writing to the Foundation on the attached schedules, [ORGANIZATION] does not have any outstanding indebtedness.

ARTICLE III
OBLIGATIONS OF [ORGANIZATION]

3.1 Use of Recoverable Grant. [ORGANIZATION] shall use the Recoverable Grant to advance [purpose]. All proceeds of the Recoverable Grant shall be used by [ORGANIZATION] in its [description of what the grant will support] work. The Recoverable Grant may not be pledged or used as security for any indebtedness.

3.2 Tax Status. [ORGANIZATION] shall maintain its corporate existence and status as a charitable organization.

3.3 Reporting Requirements. [ORGANIZATION] shall furnish to the Foundation the following information in a timely manner:

- (a) Quarterly financial statements. Quarterly financial statements shall be provided within 90 days of the end of each quarter.
- (b) Annual [audited] financial statements. Annual financial statements shall be provided within 120 days of the end of the year.
- (c) Annual narrative report from [ORGANIZATION]'s executive director describing the use of the Recoverable Grant and how the Recoverable Grant furthered its [description] programs. This narrative shall be provided within 120 days of the end of the year.
- (d) Any other information respecting the operations, activities and financial condition of [ORGANIZATION] that the Foundation may reasonably request.

3.4 [ORGANIZATION] Resolution. Prior to Closing, [ORGANIZATION] agrees to provide a corporate resolution from its Board of Directors authorizing the acceptance of the Recoverable Grant pursuant to the terms of this Agreement.

3.5 New Indebtedness Obligations. [ORGANIZATION] shall not incur or assume any new indebtedness obligations without obtaining the Foundation's prior written approval.

3.6 Acquisition; Merger; Disposal of Assets. [ORGANIZATION] shall not acquire another organization, sell or dispose of its assets, or merge with another organization without the express written consent of the Foundation.

3.7 Future Grant Requests. [ORGANIZATION] acknowledges that future requests to the Foundation for funding may be influenced by [ORGANIZATION]'s failure to make repayments in accordance with this Agreement.

3.8 Change in Key Personnel. [ORGANIZATION] agrees to notify the Foundation should there be a change in any key personnel at [ORGANIZATION]. Key personnel are any senior level managers at [ORGANIZATION].

3.9 Due Diligence. Prior to the Foundation's payment of the Recoverable Grant, the Foundation will conduct due diligence on [ORGANIZATION] in the same manner that it conducts due diligence for all the Foundation's charitable grantees. Such due diligence requires [ORGANIZATION] to provide to the Foundation the following documents:

- (a) Proof of tax-exempt status
- (b) Corporate resolution pursuant to section 3.4 above.
- (c) [What else do you require when approving grants? Do you need wire transfer details?]

ARTICLE IV GENERAL CLAUSES

4.1 Assignment. Neither the Foundation nor [ORGANIZATION] shall assign or transfer any interest in this Agreement.

4.2 Amendments, Entire Agreement and Attachments. All conditions, covenants, duties and obligations contained in the Agreement may be amended only through a written amendment signed by the Parties.

4.3 Waivers. Conditions, covenants, duties and obligations contained in this Agreement may be waived only by written agreement between the Parties. No course of dealing on the part of the Foundation or any delay or failure on the part of the Foundation to exercise any right shall operate as a waiver of the right.

4.4 Choice of Law. This Agreement shall be construed under the laws of the [state]. The Parties agree to bring any federal or state legal proceedings arising under this Agreement in a court of competent jurisdiction within [state].

4.5 Notice. Any notice under this Agreement shall be in writing and provided to:

If to the Foundation:

[Contact information for the Foundation]
Director of Finance

If to [ORGANIZATION]:

[Contact information for the ORGANIZATION]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as the Effective Date.

[ORGANIZATION]

By: _____

Name: _____

Title: _____

COMMUNITY FOUNDATION

By: _____

Name: _____

Title: _____

Disclosure Schedules:

Litigation Schedule (section 2.3)

Current Indebtedness Schedule (section 2.6)

