

# Grant Due Diligence Policy

## Donor Advised Funds



### Grants to Public Charities, Governmental Units & Other Permitted Grantees

The East Bay Community Foundation (“EBCF” or the “Foundation”) may make grants from donor advised funds to organizations that are:

- Verified by EBCF staff to be one of the organizations described in Internal Revenue Code Section 170(b)(1)(A), including public charities, governmental units, and private operating foundations; or
- Not otherwise prohibited to receive grants pursuant to this policy (see “Prohibited Grants,” below).

### Grants to Other Organizations

The Foundation will not normally make grants from donor advised funds to organizations that are **not** of a type listed in Internal Revenue Code Section 170(b)(1)(A). However, the Foundation may make such a grant provided that:

- Staff exercises Expenditure Responsibility with respect to the grant:
  - » Staff conducts pre-grant inquiry to verify that the grant is for a valid, charitable purpose;
  - » The grant is made subject to a grant agreement in the approved form and countersigned by the grantee; and
  - » The grantee accounts for all grant funds and promptly submits a written report summarizing the project and the specific use of funds as required by the grant agreement.

### Prohibited Grants

The Foundation will not make any of the following types of grants from donor advised funds:

- Grants to individuals, including grants payable to the individual or to a school, college, or university for individual benefit;
- Grants or other payments, including expense reimbursements, to donors, advisors, and related parties;
- Grants for which the donor, advisor, or any related party receives any goods or services in return;
- Grants to any organization then listed on the Southern Poverty Law Center’s Hate Group map, as that list may be titled or revised from time to time;
- Grants to any organization that engages in discriminatory practices against a protected class, protected by applicable law;
- Grants to any organization that requires participation in its religious activities as a condition of receiving charitable services;
- Grants for any purpose that is not a permitted purpose;
- Grants to any organization not listed in Internal Revenue Code Section 170(b)(1)(A), including private non-operating foundations; or
- Grants to any “disqualified supporting organizations” as defined in Internal Revenue Code Section 4966(d)(4).

## Agency and Designated Funds

Grants from agency and designated funds may be paid out to the organization(s) named in the applicable fund agreement.

Upon the opening of each agency and designated fund, staff will verify that each organization that is proposed to receive grants from such fund is one of the organizations described in Internal Revenue Code Section 170(b)(1)(A), including a public charity, a governmental unit, and a private operating foundation.

## Scholarship Funds

Grants from scholarship funds will be made only in accordance with:

- The scholarship fund criteria and procedures established for such fund, and
- All applicable federal, state, and local laws, regulations, rules, and restrictions.

Such criteria must have been formally adopted and approved by the Board of Directors prior to any grants being made.

## Unrestricted and Field of Interest Funds

Grants from unrestricted and field of interest funds will be made according to the specific grant criteria and procedures established for such fund.

Grants will typically be made only to organizations which are described in Internal Revenue Code Section 170(b)(1)(A), including public charities, governmental units, and private operating foundations. Grants may also be made to organizations described in Internal Revenue Code Section 501(c)(4); provided no part of the grant may be used by the grantee for lobbying or political activities.

However, grants may be made to organizations that are not described in Internal Revenue Code Section 170(b)(1)(A) provided that:

- Staff exercises Expenditure Responsibility with respect to the grant:
  - » Staff conducts pre-grant inquiry to verify that the grant is for a permitted purpose;
  - » The grant is made subject to a grant agreement, counter signed by the grantee, in the approved form; and
  - » The grantee accounts for all grant funds and promptly submits a written report summarizing the project and the specific use of funds as required by the grant agreement.

**For more information about the Grant Due Diligence Policy, contact May Leong, Director of Donor Services and Administrative Support, at [MLEong@eastbaycf.org](mailto:MLEong@eastbaycf.org).**