



WHAT IS THE DUE DILIGENCE PROCESS FOR MY GRANTS?

CCF offers flexibility and opportunities for you to give to nonprofit organizations that fulfill your philanthropic goals. As a fiduciary and a public charity, CCF has a responsibility to ensure that the charitable purpose of all grants that we make on your behalf is met. Toward that end, our due diligence involves two steps:

1. we review your grant requests to verify the recommended recipient is recognized by the IRS as a tax-exempt public charity;
2. we review your grant to ensure it falls within our giving policies for your fund. We are dedicated to maintaining policies based on tax law that are designed to protect the integrity of your fund and its charitable purpose.

WHAT ARE THE BENEFITS OF CCF'S DUE DILIGENCE?

- Once you make the grant recommendation, we do the rest. Please note that only previously designated people may recommend grants.
- CCF's due diligence process ensures you are supporting organizations qualified under the law.
- CCF policies intend to shield you and your fund from any possible IRS penalties.

at a glance

Grantmaking Due Diligence

- Focus on your passions while CCF takes care of all compliance
- Learn about the policies that will protect your fund's integrity and charitable purpose
- Be assured that your grants are going to the causes you intend to support

WHAT TOOLS ARE USED FOR DUE DILIGENCE?

To ensure that the organization you recommend is a tax-exempt public charity, we may review the following from the organization:

- IRS determination letter
- Tax returns
- Exemption application
- Mission statement
- Programs and activities
- Financial statements
- List of officers and directors
- Other documents as necessary

If an organization cannot provide proper documentation of 501(c)(3) public charity status, it will not be eligible to receive a grant from your fund.

WHAT CCF POLICIES MAY AFFECT MY GRANTMAKING?

Policies that may affect your grantmaking include, but are not limited to:

- 1 **Individuals:** Grants may not be made to or for the benefit of specified individuals.
- 2 **Private foundations:** Grants may not be made to private non-operating foundations. However, grants can be made to private operating foundations.
- 3 **Personal pledges:** Subject to certain conditions set by recent IRS guidance, grant recipients are now able to apply donor advised grants to a donor's existing pledge. Please speak with your Relationship Manager for details.
- 4 **Personal benefit to donor:** Federal law prohibits the use of a donor advised fund grant to provide anything more than an incidental benefit to the donor. Thus, grants may not be made to fulfill any portion of these requests, whether listed as charitable or non-charitable. You are welcome to use personal funds for the following examples. Please consult your tax advisor regarding deductibility of these costs.

Examples of grants providing more than an incidental benefit:

- Tickets or tables for events, purchasing the rights to attend an event or grants which in any way enable event attendance for a donor or anyone affiliated with your fund. If the donor or anyone affiliated with your fund is planning to attend an event, we will not be able to make a grant in support of that event.
- Expense reimbursement
- Expense reimbursements for donors or donor advisors
- Memberships that are not fully tax deductible
- Dues, including religious dues, where the payment of dues is a prerequisite to being a member and receiving the privileges and rights of member status

CONSIDERATIONS

If you are planning to distribute more than 80 percent of your fund's assets at a time, please take note of our payout policy. We will distribute 80 percent immediately, and up to 20 percent of the remaining balance two to six weeks later. This allows us to account for market fluctuations and allocate other expenses such as investment manager fees.

To learn more about the foundation's **Due Diligence** process, contact your Relationship Manager or the Grants Management Group at (213) 239-2320 or grantsmanager@calfund.org.

IMPORTANT LEGAL DISCLOSURE

The information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice.

The California Community Foundation does not provide legal or tax advice. You should consult your tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation's board of directors.

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