

Due Diligence Policy for Grantmaking

Purpose

The purpose of this Due Diligence Policy for Grantmaking is to ensure that grants or distributions are strictly for charitable purposes. GiveWell Community Foundation (The Foundation) conducts several annual competitive grant cycles as well as grants from Donor Advised Funds, Designated Funds, and Agency Endowment Funds all of which due diligence is conducted on.

A. Grants from Unrestricted and Field of Interest Funds

Grants are awarded at the recommendation of the Grant Committee and at the sole discretion of The Foundation's Board of Directors.

1. Foundation staff reviews all grant proposals
2. Areas reviewed include:
 - a. Is the application complete, including attachments?
 - b. Is it signed by authorized parties?
 - c. Is the request clear?
 - d. Does it meet the eligibility requirements for the fund or program?
 - e. If from a field of interest fund, does the grant comply with donor intent?
3. Charitable status and charitable purpose:
 - a. Grants may be made to public charities (organizations described in section 501(c)(3) and 509(a)(1), (a)(2), or (a)(3). The Foundation *will not* make grants to private non-operating foundations.
 - b. Grants may also be made to units of government for public purposes.
 - c. In exceptional circumstances, grants may be made to other types of nonprofit organization and to businesses. Using expenditure responsibility as a guideline, the Foundation will carefully supervise any such grants to document the use of its funds solely for charitable purposes.
4. Verification of public charity status. The Foundation will use one or more of the following methods to verify a potential grantee's charitable status
 - a. Internal Revenue Service, Exempt Organizations Select Check, <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>.
 - b. Internal Revenue Service Business Master File
 - c. Grantee's Internal Revenue Service determination letter or group ruling letter identifying grantee as included in the ruling
 - d. GuideStar's Charity Check
 - e. Verification of church status for houses of worship and affiliated schools not found on the above lists
5. Verification of units of government.
 - a. Grants will be verified for organizations as listed under 3a above. In most cases, the Foundation will maintain a printed copy of the political subdivision grant applicant's website home page (if available).

- b. Staff will analyze, with assistance of counsel, if necessary, situations in which governmental status is not clear.
6. Contact the potential grantee. This may be by telephone, site visit, meeting or e-mail.
7. Depending on the size of the grant, conduct a site visit. Staff may also:
 - a. Interview key staff identified in the grant proposal
 - b. Interview collaborative partners
 - c. Interview other funding sources
8. Determine the project's overall potential impact on the community.
9. Review program outcomes and objectives.
10. Review financials and audit.
11. Review organization's Form 990, where applicable, especially for business practices
12. Review proposed project budget.
13. Follow up reports are required to show grant was used for charitable purpose and as outlined in original intent.

Grant Committee

1. Committee Members shall be appointed by The Foundation Board Chair in accordance with its Bylaws. The Board will strive to appoint persons with reasonable knowledge of the educational, cultural, civic, public or other charitable needs of the areas served.
2. The Committee shall be comprised of members of the Board or Regional Leadership Councils and the respective terms of each committee member shall be subject to the discretion of the Executive Committee in accordance with the Bylaws.
3. The chairperson of this Committee shall be appointed in accordance with Foundation Bylaws.

Committee Responsibilities

- a. The Committee is responsible for implementing the current Grant Application Policies and Procedures of the Foundation.
- b. The Committee shall meet as often as necessary in order to orient each Committee member with the current Policy and in order to timely complete their duties by the required deadlines of each grant cycle.
- c. The Committee Chair, upon completion of their duties and after due consideration and evaluation, will select and recommend to the Foundation Board of Directors which Grant Applications (if any) should receive current grant cycle funding and at what amount.
- d. Grant Committee members shall at all times act in good faith as they review, consider, evaluate and recommend Applications presented to the Foundation during each grant cycle. Each committee member shall read and affirm their responsibilities in accordance with the Foundations Conflict of Interest Policy.

e. Committee members are required to maintain confidentiality in regards to any confidential information they may hear, read, or become aware of in their capacity as Grant Committee members. Each Committee member shall read and complete the Foundation's Confidentiality Policy prior to beginning their duties as a committee member.

B. Designated Funds

Before establishing a designated fund, The Foundation verifies that the proposed designee is a public charity or unit of government (as outlined in Steps A(4) of this policy). Grants generally are paid once each year or as directed by the Fund Agreement.

C. Agency Endowment Funds

Before establishing an agency endowment fund, The Foundation verifies that the organization seeking to establish the fund is a public charity (as outlined in Steps A(4) of this policy). If a unit of government, such as a public library, asks to establish an agency endowment fund, the Foundation will consult with counsel, as appropriate, to determine whether this is permissible under the law of Florida. Agency grants are paid out to the relevant organization named in the fund, generally once each year or as directed by the Fund Agreement.

D. Grants from Donor Advised Funds

1. The Foundation will not make the following types of grant from a donor advised fund:
 - a. Grants to individuals, including grants payable to a school, college or university for the benefit of an individual selected by the Foundation.
 - b. Grants or other similar payments, including expense reimbursements, to donors, advisors, and related parties.
 - c. Any grant for a purpose that is not charitable.
 - d. Any grant to a private non-operating foundation.
2. The Foundation will make grants from donor advised funds to most public charities and units of government.
 - a. The Foundation will follow the verification process outlined in Steps A(4) and (5) of this policy to verify public charity status.
 - b. In addition, the Foundation will follow the Process for Determining Supporting Organization Status outlined in the next section to determine whether a potential public charity grantee is a Type III supporting organization that is not functionally integrated or supports an organization controlled by the donor, fund advisor, or related persons. If either of these conditions is present, the Foundation will either refuse the grant or exercise expenditure responsibility.
3. The Foundation will not normally make grants from donor advised funds that require the exercise of expenditure responsibility. This includes grants to nonprofit organizations that are not public charities and grants to businesses.
4. If The Foundation elects to make an expenditure responsibility grant, it will follow the following process:

- a. The Foundation will conduct a pre-grant inquiry to determine whether the proposed grantee is reasonably likely to use the grant for the specified purposes and that those purposes are charitable.
- b. The Foundation and grantee will sign a written grant agreement that includes all provisions required by Treasury Regulations.
- c. The grantee will be required to maintain the grant funds in a separate account on the grantee's books.
- d. The grantee will be required to submit a written report summarizing the project promptly following the end of the period during which it used all grant funds and to submit any interim reports the Foundation may require.

Process for Determining Supporting Organization Status

Supporting organizations receive public charity status from the IRS due to their particular relationship with another publicly supported charity or government unit. Based on that relationship, a supporting organization is defined as Type I, Type II, or Type III. Type III supporting organizations are further defined as functionally or non-functionally integrated. The Foundation must exercise expenditure responsibility if it makes grants from a donor advised fund to any type of supporting organization that supports a public charity which is controlled directly or indirectly by the donor, donor advisor, or a related person. Expenditure responsibility is also required for grants to any non-functionally integrated Type III supporting organization.

The Foundation will take the following steps to determine whether a grant recommendation from a Donor Advised Fund requires expenditure responsibility because the grantee is a supporting organization:

1. Verify that the organization is a public charity by checking its status in IRS Publication 78, the organization's IRS determination letter, or IRS Business Master File.
2. Determine if the public charity is a supporting organization from one of the following sources:
 - a. The IRS Business Master File (BMF) and the potential grantee's IRS determination letter, or
 - b. A report from a third party that includes:
 - i. the grantee's name, EIN, and public charity classification under §509(a)(1), (2), or (3);
 - ii. a statement that the information is from the most currently available IRS monthly update to the BMF, along with the IRS BMF revision date;
 - iii. the date and time of the grantmaker's search. The grantmaker must retain this report in electronic or hard-copy form.
3. Determine the type of Supporting Organization from one of the following sources:
 - a. For Type I or Type II supporting organizations a written representation signed by an officer, director, or trustee of the grantee if both of the following are true:
 - i. The representation describes the process used for selecting the grantee's officers, directors, or trustees and references the pertinent provisions of

- the grantee's organizing documents that establish the grantee's relationship to its supported organization.
- ii. The grantmaker collects and reviews copies of the grantee's governing documents. If the grantee's governing documents are not sufficient to establish the relationship, the grantmaker must also collect organizing documents from the supported organization.
- b. To determine whether a Type III supporting organization is functionally integrated the Foundation will do the following:
 - i. Obtain the grantee's written representation identifying the organization it supports.
 - ii. Collect and review the grantee's organizing documents (and those of the supported organization if necessary).
 - iii. Collect a written representation signed by an officer, director, or trustee of each supported organization stating that substantially all of its activities directly further the exempt purposes of the supported and, but for the involvement of the supporting organization, its activities are ones that normally would be engaged in by the supported organization.
 - c. Alternatively, the Foundation may rely on a reasoned written opinion of counsel of either the grantee or the Foundation in making the determination that a supporting organization is a Type I, Type II, or functionally integrated Type III supporting organization.
4. Once The Foundation has determined that a potential grantee is a supporting organization and is not a Type III non-functionally integrated supporting organization (for which expenditure responsibility is automatically required), the Foundation, will determine whether the donor, donor advisor, or related parties control the supported organization.
 - a. Control will be found to exist if any donor, donor advisor, or related persons may, by aggregating their votes or positions of authority, require a supported organization to make expenditure, or prevent a supported organization from making expenditure.
 - b. The Foundation will request certification from either the donor or advisor or directly from the supported organization that the donor, advisor, or related parties do not control the supported organization.

Approved by Board of Directors: 5-25-2018
Date


Board Secretary

