
CHARITIES AID FOUNDATION OF AMERICA POLICIES AND PROCEDURES FOR THE OPERATION OF DAFs (“DAF Policies”)

ART. 1 ESTABLISHMENT AND PURPOSE

A. Authorization

The Board of Directors of Charities Aid Foundation of America (hereinafter the “Board” and “CAF America,” respectively) has authorized the establishment of Donor Advised Funds (DAFs) as component funds of CAF America, and has determined all needed rules, procedures and policies for the establishment and administration of DAFs. Accordingly, the following procedures are set forth for the guidance of the CAF America staff and for the information of Donors and other interested members of the public.

B. Establishment of Funds

DAFs may be established by individuals, business entities, foundations, trusts, and estates (each, hereinafter, a “Donor”) by the donation or transfer to, and acceptance by, CAF America of, money or property, whether by contribution, gift, bequest, assignment or transfer (hereinafter “contribution”) to further or carry out CAF America’s purposes, as set forth in its Articles of Incorporation. Donors may recommend a DAF name of their choosing, subject to approval in CAF America’s sole and absolute discretion.

C. Purpose

The procedures set forth herein recognize that the purpose of the DAFs established at CAF America is to develop support for, and participation and involvement in, the philanthropic interests and activities of CAF America by a wide range of donors. The utilization of DAFs is designed as a means of providing funds to support CAF America’s charitable purposes.

D. Discretion and Control

CAF America shall have ultimate authority over, and retain full discretion and control of, all assets in each DAF, and the income derived therefrom. Each DAF shall be recorded on the books and records of CAF America as an identifiable or separate fund.

ART. 2 ACCEPTANCE OF CONTRIBUTIONS

A. Authorization

From time to time, officers or employees of CAF America, as designated by the Board, may accept contributions on behalf of CAF America to establish or add to a DAF. A Donor may not impose any material restriction or condition that prevents CAF America from freely and effectively employing the contributed assets, or the income derived there from, in furtherance of CAF America’s mission. CAF America reserves the right to reject any proposed contribution for any reason. Upon acceptance, contributions are irrevocable.

B. Allowable Contributions

Any individual or entity may make contributions into a DAF at any time, provided that such individual or entity meets the conditions of CAF America’s Donor Due Diligence Protocols. Contributions may be made in the form of cash, publicly traded stocks or securities, or, in CAF America’s sole discretion, any other liquid or illiquid assets.

ART. 3 INVESTMENT OF FUND ASSETS

Donors that recommend an investment strategy for their DAF are subject to the following provisions:

A. Responsibility

CAF America has the sole responsibility and authority for the investment of the assets of each DAF. The assets of any DAF may be commingled with those of other DAFs or with other CAF America Endowment Funds for investment purposes or may be invested in units of any common investment fund, which may be established or utilized by CAF America. However, CAF America shall have no obligation to commingle the assets of any DAF for investment purposes and may, in its discretion, retain any assets received or hold the assets of a DAF as a separate unit for investment purposes. Any investment or reinvestment of assets shall be made only in such investments as are appropriate for a prudent fiduciary, as determined by CAF America, and as are consistent with requirements imposed by the Internal Revenue Code or state law upon charitable organizations.

B. Administration

Decisions with respect to the retention, investment or reinvestment of assets and with respect to commingling of assets shall be made by the CAF America staff with appropriate authorization from the Board.

C. Fund Investment Recommendations

Consistent with any investment policy adopted by CAF America and on a limited basis, a Donor may make advisory recommendations with respect to the investment of the assets in a DAF established by the Donor on a quarterly basis. All recommendations made during each fiscal quarter, to the extent approved by CAF America, will be processed at the end of the applicable quarter. Such recommendations shall be solely advisory and CAF America shall not be bound by such recommendations.

D. Application of Proceeds

The proceeds of the investment of the assets of a DAF shall be added to the assets of the DAF and shall be available for distribution pursuant to Article 4 hereof.

ART. 4 DISTRIBUTIONS FROM FUNDS

A. In General

CAF America staff are authorized by the Board to review and approve grant recommendations consistent with CAF America's charitable purposes through the procedures outlined below.

B. Donor Grant Recommendations

A Donor or his/her designed advisors, as set forth below ("Advisors" or Donor Advisors"), may advise CAF America to distribute assets from a DAF in the form of grants. CAF America shall consider and evaluate all such recommendations, but such recommendations shall be solely advisory and CAF America shall not be bound by such recommendations.

In general, distributions will be made to domestic organizations described in sections 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), or a foreign charity which has been determined to be an equivalent thereof (hereinafter "public charity"), or any other entity that is considered eligible according to CAF America's Grantmaking Protocol.

All recommendations must be in writing and must indicate the name and address of the suggested recipient organization, and the suggested amount to be distributed. Recommendations must certify that the recommended distribution confers no more than incidental personal benefit to the Donor, any Donor Advisor or any related persons thereto.

C. Limitations on Distributions

The following limitations apply to all distributions from DAFs:

1. **Prohibited Distributions from Fund.** Distributions from DAFs shall not be made to any “natural person,” “private foundation” or “disqualified supporting organization,” (as such terms are defined in the Code) nor shall any DAF make a grant, loan, compensatory payment, expense reimbursement or similar payment to a Donor, a designated Donor Advisor, a “family member” of any of them or a “35-percent controlled entity” (again, as such terms are defined in the Code).
2. **More than Incidental Benefits.** No distribution may be made for which any Donor or Donor Advisor will receive a more than incidental benefit including, but not limited to, the payment of tuition, admission to an event, meals, merchandise and other items.
3. **No Illegal Activity.** Grantor shall not recommend distributions that it knows or has reason to know are intended to be used for (i) illegal purposes or (ii) purposes inconsistent with the purpose stated by the Grantor to CAFA on the CAFA donor recommendation form or in any accompanying grant letter provided to CAFA.
4. **Regulatory Compliance.** Grantor shall not advise CAFA to make a grant that Grantor knows will violate the Foreign Corrupt Practices Act, the Patriot Act, or other laws applicable to CAFA. Grantor will disclose fully to CAFA any information about the circumstances of the grant that would provide reason to believe the grant might violate such laws, so that CAFA can make its own determination as to whether such grant would be permissible.
5. **No Political Activity.** No grant to the Fund is earmarked to be used in any attempt to influence legislation within the meaning Section 4945(e) of the Code, and Grantor and CAFA have made no agreement, oral or written, to that effect.

D. Procedure

The following procedure shall be used to evaluate and process recommendations for distributions from DAFs:

1. **Grantee Validation**

The CAF America staff shall validate each grant recommendation and shall determine whether it is consistent with CAF America’s charitable purposes.

If the Staff determines that: (i) the recommendation is to an organization that is not a public charity; (ii) is not consistent with CAF America’s charitable purposes; or (iii) is otherwise inappropriate, it shall so advise the Donor.

- A. In the case of proposed grantees outside the United States or for organizations that do not qualify or are not registered as a U.S. public charity, CAF America’s review procedures will generally include asking the proposed recipient to complete or renew a Grant Eligibility Application, to enable CAF America to either: (i) make a good faith “equivalency determination” that a non-US grantee is described in section 170(b)(1)(A) of the Code if they were domestic organizations; or (ii) exercise expenditure responsibility (as defined in section 4945(h) of the Code) over such a grant. In addition, CAF America shall monitor watch lists and other releases of U.S. government agencies regarding organizations suspected of supporting terrorist activities. CAF America will not approve a grant to a proposed recipient suspected of money laundering or supporting terrorism.
- B. Other payments that are not prohibited but that will be “taxable distributions” unless expenditure responsibility is followed include:
 - an organization that is not described in section 170(b)(1)(A) – notably non-charities and private non-operating foundations
 - a type III supporting organization that is not “functionally integrated”
 - a supporting organization (even a “functionally integrated” type III) if the organization that is being supported is controlled by either the donor or an advisor appointed by the donor.

2. Board Reports

A report of approved grant payments pursuant to CAF America's Validation Protocols shall be presented to the CAF America Board of Directors on a monthly basis. If the Board has a concern about any of the grants approved in the reporting period, the beneficiary of those grant(s) will be placed on a restricted list and all future suggestions for grants to that recipient will be forwarded to the Board for final approval or rejection. CAF America's Board of Directors has implemented a protocol for CAF America Staff or Board Directors to review and approve each grant, based on the size of the grant and the risk level of the grant or grantee based on the determination that is made during the validation process.

3. Notification to Recipient of Source of Distribution

CAF America shall include with each grant from the Fund a transmittal letter that identifies the DAF from which the grant was made.

E. Post-Termination Distributions

1. Donors or Donor Advisors shall retain the privilege to make a final grant recommendation for 60 days after the date a DAF is terminated, to the extent of any assets remaining in the DAF after payment of any fees owed to CAF America.
2. If a DAF is terminated in the absence of a valid grant recommendation, CAF America has the sole discretion to award the assets in the DAF to the CAF America Advancement Fund, to be distributed as charitable grants in CAF America's sole discretion on a future date.
3. Within 10 days of the termination of a DAF, CAF America will invoice the Donor for any outstanding charges or invoices. The Donor shall pay all such charges no later than 30 days after the date of the invoice.

ART. 5 DONOR REPORTS

CAF America shall provide the Donor with access to its online DonorView platform, which will display regular reports, updated at least monthly, that reflect the DAF's beginning balance, contributions, distributions, investment income (if applicable), fees, costs and charges, and the DAF's ending balance.

Upon the DAF's opening, CAF America will provide the Donor and any Donor Advisors with a valid username and password with which all designated parties can access these reports on the platform.

ART. 6 CONFIDENTIALITY OF DAFS

All information regarding DAFs will be maintained in accordance with CAF America's privacy policy, which can be accessed at <https://www.cafamerica.org/privacy-policy/>.

It is CAF America's policy to maintain strict confidentiality regarding DAFs. Accordingly, no information concerning any fund shall be disclosed without the permission of the Donor, except as follows:

A. To CAF America Staff

Disclosure may be made only to those staff who have an administrative function within CAF America and who must, for the proper accomplishment of their function, have access to CAF America's financial data.

B. To CAF America Board Members

Disclosure may be made only to those Board members who have a specific administrative or oversight function of CAF America's Endowment program and who must, for the proper accomplishment of their function, have access to such financial data.

C. To Government Agency Personnel

Disclosure will be made only if compelled by legal process or if otherwise required by law. However, CAF America shall have no obligation to oppose such process.

D. To CAF America's Auditors

Disclosure may be made, if necessary, to accomplish an audit of the books of CAF America.

ART. 7 ADVISORY ROLES

A. Provisions applicable to Individual/Family Fund Holders

- i. **Fund Holder Privileges.** If a DAF is opened on behalf of an individual, the signatory of the DAF Agreement ("Donor") is considered the Fund Holder and enjoys automatic full advisory privileges over the DAF. The Donor may submit grant suggestions, appoint Donor Successors, Full Advisors, or grant Read-Only Access to individuals of their choosing, and request and/or approve changes to the DAF Agreement as needed. The Donor may communicate their recommendations to CAF America by writing, to the designated CAF America Fund Manager.
- ii. **Successor Provisions.** In the event of the Donor's demise, the Donor may select an individual to succeed them as the Fund Holder. In this case, the Successor assumes all roles and responsibilities of the Donor and is bound by all of the terms and conditions of this DAF Agreement and CAF America's DAF Policies.

The Donor and the Donor Successor are responsible for maintaining consistent contact with CAF America, including making regular grant recommendations as required by Section 8 of CAF America's DAF Agreement.

B. Provisions applicable to Business Entity Fund Holders

- i. **Primary Advisor.** If a DAF is opened on behalf of a Business Entity, the Business Entity ("Donor") is considered the Fund Holder and they must designate a representative to serve as the Primary Advisor to the DAF. The Primary Advisor may submit grant suggestions, appoint Full Advisors or grant Read-Only Access to individuals of their choosing, and request and/or approve changes to the DAF Agreement as needed. There must always be a Primary Advisor for the DAF.

C. Other Advisor Roles

- iii. **Other Advisor Roles.** Fund Holders may appoint individuals of their choosing to serve as Full Advisors or to be given Read-only Access to the Fund.

Any individual designated as a Full Advisor may recommend grants from the DAF at any time. If there are multiple Full Advisors, our standard agreement allows any of them to recommend a grant at any point.

Any individual with read-only access may access the account balance and statements of the Fund, but not make grant recommendations.

Adopted October 20, 2020.