



# Frequently Asked Questions: For Donors

## Who is CAF America?

Founded in 1992, Charities Aid Foundation of America (CAF America) is a US 501(c)(3) public charity whose mission is to make giving internationally safe, easy, and effective for US donors. To accomplish this mission, CAF America streamlines the global grantmaking process, reducing risk, reputational exposure and administrative burden, while at the same time enabling its clients to make strategic, cost-effective, and tax-advantaged grants. CAF America provides global reach as a member of the CAF Global Alliance, with offices and partner organizations in the United Kingdom, Canada, Australia, India, Russia, Bulgaria, South Africa, and Brazil.

CAF America makes an average of 3,000 grants annually, totaling \$440 million in the last five years, to legitimate organizations in over 100 countries around the world. CAF America works with many types of donors including individuals, corporations, and foundations, offering a wide array of international grantmaking and advisory services.

## How does CAF America work?

US donors cannot receive tax deductions for giving directly to foreign charitable organizations. CAF America serves as an intermediary grantmaker, allowing US donors to support international causes tax-effectively. By making their gift to CAF America, a US public charity, US donors can receive a tax-receipt for their gift. Along with their donation, the donor may recommend that CAF America use those funds to support a foreign charitable organization of their choosing. If the suggested organization is already eligible to receive grants from CAF America, the grant can be made within our next weekly grant cycle. If the suggested organization is not already eligible, CAF America will first have to conduct the due diligence necessary to determine the organization's eligibility.

## What is CAF America's due diligence process?

CAF America's vetting process is a unique blend of equivalency determination and expenditure responsibility, the two IRS protocols for conducting due diligence on international grantees. This blended approach enables CAF America to report back to the IRS with the appropriate information required to make international grants, but it also provides an added layer of security for both CAF America and its clients to ensure that grants are made to legitimate charitable organizations and are used for their intended purposes.

CAF America requires that the foreign charitable organization complete our Grant Eligibility Application (GEA) as well as submit various supporting documents to apply for eligibility. We collect the organization's governing documents, audited financial statements, proof of nonprofit status, and a description of programs and activities. The entire application is then reviewed by three separate CAF America staff members, to ensure a thorough analysis of the organization.

As part of this due diligence review, CAF America assesses the foreign organization against a number of 'risk' factors which include financial health, geographical location, length of establishment, length of relationship with CAF America, and whether CAF America can obtain independent verification of an organization's mission and activities, among other factors.

## Does CAF America comply with OFAC, FCPA, Patriot Act and other Anti-Terrorism and Anti-Money Laundering Regulations?

Yes. The grantee organization, its Board of Trustees or Directors, and its key staff are checked against all government web-based watch lists of banned entities and individuals. CAF America complies with all US laws including the Patriot Act, Executive Order 13224, HR4 (the Pension Protection Act), the Foreign Corrupt Practices Act, and the US Treasury Department Guidelines for international grantmaking.

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### **How long does the due diligence process take and how often will the charity need to undergo it?**

From the date we receive the completed GEA and all supporting documentation, the application review process generally takes between 4 and 6 weeks.

As a benefit to working with CAF America, once a charitable organization becomes eligible, it remains eligible for a period of 1-3 years. Approved organizations are added to CAF America's online database of over 200,000 eligible organizations and can receive grants from CAF America at the recommendation of any US donor during their eligibility period. These eligibility periods are a direct result of our blended due diligence process outlined in the answer to "What is CAF America's due diligence process", above. Eligibility with CAF America lasts for three years for organizations properly registered in the US, UK, Australia, and Canada and two years for charitable organizations from all other countries. The risk factor determined during the review process can also impact the length of eligibility, with higher risk organizations receiving shorter eligibility periods.

If an organization's eligibility expires, it must renew its status in order to receive future grants. The CAF America renewal process is shorter than the initial review process; organizations are required to submit an updated GEA, a copy of updated financials, current board of trustees/directors, and copies of their governing documents only if they have changed.

### **Do you require any reporting from the grantees?**

Yes, grantees must submit annual reports to CAF America. This report asks the grantee to provide information on all of the grants it received from CAF America that year, as well as any grant funds that were not fully expended in previous years. CAF America reviews these reports against the grant agreement signed during the initial application process to assess if the grantee has complied with the terms of their eligibility.

### **What happens if the organization that has been suggested for a grant is not approved?**

In the rare case that a suggested organization does not pass our due diligence review, we will request a different suggestion from the donor, or if preferable, we can suggest a similar charity working in the same field or region. We will also provide the donor an explanation as to why we are unable to make the grant.

Unfortunately, CAF America is unable to refund donations; all gifts are irrevocable. Control and discretion over the use of funds must remain with CAF America's Board of Directors if our donors are to receive tax benefits.

### **Is there anywhere that CAF America cannot grant to?**

CAF America grants to charitable organizations located anywhere in the world, as long as the country does not have current prohibitive sanctions and is not embargoed by the US Government or by OFAC. In the last ten years alone we have granted to over 90 countries across the globe.

### **Why can I only "recommend" a grant to a foreign charitable organization?**

CAF America operates as a donor advised fund, which means that while donors are able to give suggestions as to which organizations they would like their donation to support, they cannot legally direct or control the use of the donated funds. Donations to CAF America become the property of CAF America, and CAF America has ultimate control, authority, and discretion with regard to its assets. If CAF America is ever unable to make a grant per the recommendation of the donor, staff will reach out to the donor to explain the reasoning and ask for an alternate suggestion.

### **How often are grants processed?**

CAF America operates on a weekly grant cycle to ensure the prompt delivery of funds.

### **How will the donor be acknowledged to the grantee?**

With each grant CAF America makes, a letter is issued to the grantee acknowledging the specific donor who recommended the grant. Alternatively, upon request, CAF America is able to keep the donor anonymous.



### **How should partnership with CAF America be represented?**

It is acceptable to note in marketing materials that your company has worked in consultation or partnership with CAF America to facilitate your grantmaking. For example, marketing materials can include language such as, “This grant is made by Charities Aid Foundation of America in partnership with (donor)”, making it clear that CAF America is the grantmaker. CAF America must be represented as the grantmaker to prevent donors from breaking IRS rules on ‘excessive donor control’.

Legally, CAF America may not function, or represent itself as, a “pass through” organization.

### **What services does CAF America provide?**

CAF America offers a full suite of grantmaking and advisory solutions for all of your global philanthropic needs. From individuals, to family and community foundations, to independent business and international corporations, CAF America’s expertise in safe and effective international grantmaking can be applied in many ways. We can help craft a cohesive global Corporate Social Responsibility program, help a Foundation identify and direct its philanthropic goals internationally, and help individuals make the most of their gifts. CAF America’s services include:

- Donor Advised Funds (DAFs)
- Matching Donor Advised Funds (MDAFs) for employee matched giving programs
- Invested DAFs
- Single one-off giving through our Donor Advised Gift (DAG)
- Equivalency Determination services
- Friends Funds for foreign charitable organizations
- Corporate advisory services

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## **CONTACT US TO LEARN MORE!**

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