

Granting Guidelines

The following guidelines provide direction regarding how grants from a donor-advised fund can be used. American Endowment Foundation (AEF) approves most grant recommendations to U.S. charitable organizations recognized as 501(c)(3) or similar entities such as churches, religious organizations and governmental institutions.

MINIMUM GRANT AMOUNT

AEF has set a minimum grant amount of \$250.

INCIDENTAL BENEFITS

A grant must be used exclusively for charitable purposes. Donors and their family members cannot receive anything beyond an incidental benefit from the charitable organization to which they make a grant.

INCIDENTAL BENEFITS (GENERALLY OK)

MORE THAN INCIDENTAL BENEFITS (NOT OK)

Coffee Mugs & Keychains

Tuition

Intangible Religious Benefits

Tickets

Newsletters & Calendars

Meals

CHARITABLE EVENTS, GALAS, AND TICKET PURCHASE (BIFURCATED GRANTS)

Grants from a donor-advised fund cannot be used to pay any portion of a donation split into tax-deductible and nondeductible portions. AEF will not approve the recommendation if the receipt of any benefit (such as attendance at a charitable event) is contingent upon the grant from the donor-advised fund as part of a larger donation. The IRS considers the relief of the donor's obligation to pay full price of a ticket/admission to a charity-sponsored event a direct benefit that is more than incidental. A donor may make a grant to support or sponsor a charitable event or gala and receive acknowledgement for that support. However, if in exchange for the grant, the charity offers a ticket to the event (such as tickets to a sporting event) or anything more than an incidental benefit, the donor must decline it.

MEMBERSHIP

Grants may not be used to satisfy the cost of a membership if the membership offers more than incidental benefits to the donor.

BENEFITTING AN INDIVIDUAL (MISSIONARY GRANTS)

Grants from a donor-advised fund cannot be used to benefit an individual, either directly or indirectly, except to support missionaries. If a donor recommends a grant to an eligible charity to support the missionary work of an individual, the donor will be asked to confirm whether the named individual is a relative. If the named individual is a relative, the grant recommendation will not be approved. If the missionary is of no relation to the donor, the grant will be approved with a

special statement added to the letter. Relatives will be interpreted as the donor and donor's spouse, ancestors, children, grandchildren, great-grandchildren, brothers, sisters and spouses of any of these persons.

SCHOLARSHIPS

Donors may recommend a grant to a scholarship fund administered by an eligible charity or school. The donor may indicate the grant is for the recipient of the named scholarship but not designate the specific individual by name. The grant check will be made payable to the organization sponsoring the scholarship for the benefit of the scholarship fund. It cannot be made payable to an individual. The donor and other members of the donor's family may participate on the independent scholarship selection committee but may not represent the majority of the committee.

FUNDRAISING CAMPAIGNS

Donors may recommend a grant for a charitable cause's fundraising campaign (e.g. walking or biking fundraisers for a charitable organization) where an individual is responsible for the fundraising but does not receive more than incidental benefit from the fundraising. Grants from a donor-advised fund to support a "GoFundMe" or similar online giving portal are not permissible.

PLEDGES

Donors may recommend a grant to fulfill a pledge to a charitable organization provided the following:

- AEF makes no reference to the existence of the pledge when making the grant.
- The donor does not receive any benefit that is more than incidental on account of the grant.
- The donor does not attempt to claim a charitable deduction with respect to the grant.

GRANT DISTRIBUTION

Donors may not deliver grant checks. AEF's preferred method of grant payment is also the quickest and most secure: ACH transfer. To help facilitate an ACH transfer, please include an email address for the nonprofit in the **Special Handling** portion of **Grant Details** in the Granting Portal. In the event a grant check is issued, it will be sent by AEF directly to the charitable organization.

DORMANT FUNDS

AEF will review granting history and contact donors who have not made grant recommendations for the past 36 months or have not submitted a long-term granting strategy to AEF.

For more details, see AEF's Granting Policy at [AEFonline.org/policy-statements](https://www.aefonline.org/policy-statements).