

## Grantmaking from my Donor Advised Fund Frequently Asked Questions

**1. How do I recommend a grant from my fund?** You can recommend grants by using the BGCF [Online Donor Portal](#) (Step-by-step instructions on accessing and navigating the Online Donor Portal are included in a separate document). In addition, BGCF will accept written requests from Fund Advisors via email or postal mail. Donors can email requests to [grants@bgcf.org](mailto:grants@bgcf.org) or mail requests to BGCF (499 E. High Street #112, Lexington, KY 40507). Please note that all grant recommendations must be made in writing or through the BGCF Online Donor Portal. BGCF will not accept requests by phone.

**2. Why does BGCF use the terminology of “recommending a grant?”** Blue Grass Community Foundation owns the assets in your fund, and, per IRS Regulations, any grant made from a Donor Advised Fund is subject to review and ultimate approval by BGCF. Therefore, a fund advisor technically “recommends” a grant from their fund. However, BGCF makes every effort to approve all grant recommendations that are made in accordance with IRS regulations. Further information is provided in some of the proceeding sections regarding the rare circumstances in which a grant recommendation may be denied.

**3. What organizations can I grant to?** You can recommend grant distributions to any publicly supported 501(c)(3) nonprofit organization, private operating foundation, educational institution or religious organization, as approved by the Internal Revenue Code. Grants from Donor Advised Funds must be made for charitable purposes as defined by the IRS.

**4. Are there organizations I cannot grant to?** You cannot make grants to non-operating private foundations, businesses, individuals, 501(c)(4) organizations, private cemeteries, political and/or lobbying organizations. In addition, Blue Grass Community Foundation will not approve any grant to an organization that supports or engages in hateful activities, defined as: the promotion, encouragement, incitement or engagement in violence, intimidation, harassment, threats, discrimination or defamation targeting an individual or group based on their actual or perceived race, color, religion, national origin, ethnicity, immigration status, gender, gender identity, sexual orientation, or disability.

**5. Can my grant recommendation be denied?** Blue Grass Community Foundation exercises due diligence to ensure grants from your fund comply with IRS regulations. BGCF will deny grant recommendations if:

- A donor recommends a grant to an organization that does not qualify for tax-exempt status
- It is clear that the donor or members of their families or businesses that they control would receive some benefit from the grant
- The grant is being recommended to an organization that violates BGCF’s values aligned grantmaking policies against funding hate groups.

However, if all suggested grant recipients are qualified public charities, and the purpose of the grant is verified as charitable, with no suggestion of private benefit to the donor, Blue Grass Community Foundation will endeavor to honor the donor's wishes. In some cases, BGCF staff may need to contact you and/or the suggested grant recipient for additional information before approving the grant.

**6. What is the minimum grant amount I can recommend? \$25**

**7. Can I fulfill a pledge by making a grant from my Donor Advised Fund?** Per IRS regulations, grants from Donor Advised Funds may not be used to fulfill legally enforceable financial obligations to which the Donor has committed. However, you can make recurring donations to 501(c)(3) nonprofit organizations, as long as the term "pledge" or "pledge payment" is not used on the donor's grant recommendation, grant check, or any related correspondence.

**8. Can I use my Donor Advised Fund to pay for memberships?** Grants may not be used to satisfy the cost of a membership if the membership offers more than incidental benefits to the donor. Examples of incidental membership benefits that you can receive in exchange for your grant from a Donor Advised Fund include, free admission to a museum or religious services, discounted or free parking, discounts at the gift shop, newsletters, and low-cost items such as a key chain, tote bag, or coffee mug.

**9. Can I purchase tickets to a fundraising gala with my Donor Advised Fund?** Per the IRS, Donor Advisors and members of their families cannot receive any benefits, goods, or services as the result of a grant. Therefore, you cannot use your fund to pay for such tickets. The full cost to attend charity events (both the tax-deductible and nondeductible portions) must be paid from your personal bank account.

**10. Can I use my Donor Advised Fund to purchase raffle tickets or items that I won at an auction? What if I paid more for the auction item than the stated fair market value?**

No. Donor Advised Funds may not be used to fund these purchases. Even if your winning bid for an auction item is more than the fair market value, a Donor Advised Fund cannot be used to pay any portion of a donation split into tax-deductible and nondeductible portions. BGCF will not approve any grant recommendation if the receipt of any benefit is contingent upon the grant from the Donor Advised Fund as part of a larger donation.

**11. Can I use my Donor Advised Fund to pay for the required donation for my basketball or footballs season tickets?** No. However, you can support a college or university athletic program if you elect to waive all benefits, including priority seating at athletic events, ticket rights, and reserved parking.

**12. Can I make a grant from my Donor Advised Fund to a GoFundMe or Kickstarter campaign?** No. Contributions to these crowdsourcing sites are not considered tax-deductible by the IRS and, therefore, cannot be made from a Donor Advised Fund.

**13. Can I grant to an individual in need from my Donor Advised Fund?** No. Donor Advised Funds may not make grants to individuals either directly or indirectly or to a charitable entity for the benefit of a specified individual.

**14. Can I support missionary work with my Donor Advised Fund?** Yes. Grants from a Donor Advised Fund cannot be used to benefit an individual, either directly or indirectly, except support grants for 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 or not 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 the donor's spouse, ancestors, children, grandchildren, great grandchildren, brothers, sisters and spouses of any of these persons.

**15. Can I recommend a grant from my Donor Advised Fund to my service or social club, such as the Rotary, Lions, or Kiwanis?** Typically, these types of organizations are classified as 501(c)(4) organizations by the IRS. You cannot make a grant from your fund to pay for membership dues for these clubs. However, you can make a grant to such an organization if it is for a specific charitable activity that the organization is undertaking. BGCF staff may reach out to you for more information to confirm the charitable nature of the recommended grant. In some instances, the club may have a separate 501(c)(3) organization that has been established to accept tax-deductible contributions to support the club's charitable activity and it is actually this entity to which the grant will be made.

**16. Can I recommend a grant from my Donor Advised Fund to the Chamber of Commerce or other business leagues?** These types of organizations are classified as 501(c)(6) organizations by the IRS. In general, these groups are involved in promoting their members' economic interests (a non-charitable purpose) and you cannot make a grant to them from your Donor Advised Fund. However, in some instances, these organizations may be involved in charitable activities that serve a public interest. Blue Grass Community Foundation staff will consider grant requests from Donor Advised Funds to these types of organizations on a case-by-case basis to determine if the purpose would qualify as charitable. BGCF staff may reach out to you for more information to make this determination.

**17. Can I recommend monthly, quarterly, and/or annual grants?** Yes. While there is not currently a way to recommend recurring grants through the Online Donor Portal, you can email [grants@bgcf.org](mailto:grants@bgcf.org) or mail requests to BGCF (499 E. High Street #112, Lexington, KY 40507). In your request, you need to indicate the name of the charity, and the complete details about the recurring gift including the amount and frequency of each installment.

**18. Can I make grant recommendations for a scholarship?** You can recommend a grant to established scholarship funds/programs or general scholarship funds administered by a 501(c)(3) public charity or education institution. Donors may not pre-select a named individual to receive a scholarship from a scholarship program. Any grant to a scholarship fund at an educational institution will be sent to the institution's office of Advancement/Development and not to the office of Financial Aid.

**19. Can I make an anonymous grant from my fund?** Yes. You can request that any grant you recommend be anonymous. Unless it is specifically indicated that the grant is to be made anonymously, Blue Grass Community Foundation includes the name of your fund, along with the name of the advisor and mailing address in the grant transmission letter to the recipient.

**20. Can I recommend a grant to a foreign charity?** International grantmaking is much more complex than domestic grantmaking and can incur additional fees. Blue Grass Community Foundation deals with all grant requests to foreign charities on a case-by-case basis. Before making a grant recommendation to a foreign charity, contact Kristen Tidwell (BGCF Director of Grants & Scholarships) at [kristen@bgcf.org](mailto:kristen@bgcf.org) or at 859.225.3343 to discuss. Please note that you can award grants to U.S. public charities that fund and support foreign charitable activities.

**21. How long does it take to send a grant from my fund?** Grants are typically mailed out within seven business day of receipt of the grant recommendation.

**22. How do I know when the grant has been sent?** Donors are mailed a copy of the grant transmittal letter at the time the grant is mailed to the recipient organization. If you would prefer to receive copies of transmittal letters via email, please email [grants@bgcf.org](mailto:grants@bgcf.org).

We look forward to working with you to support the charitable causes you care about most. If you need additional information or assistance with identifying some worthy charitable causes, please call us at 859.225.3343.