

Anti-Hate Policy Change for Grants from Donor Advised Funds

Background

In 2019, a national conversation began over grants from donor-advised funds (DAFs) to organizations that were engaged in “hateful activity.” The catalyst for these conversations was a report released in February of 2019 by the Council on American-Islamic Relations (CAIR). CAIR looked at the money trail from 2014 to 2016 from over 1,000 mainstream charities to 39 anti-Muslim groups that it calls the “Islamophobic Network.” It found that nearly \$125 million was granted to these groups, including funding from DAFs at Fidelity Charitable, Vanguard Charitable and Schwab Charitable.

The interest generated by this report led to a broader inquiry into grants from Donors Trust, Fidelity Charitable, Schwab Charitable and Vanguard Charitable to groups that the Southern Poverty Law Center (SPLC) has labeled as hate groups. That report found that from mid-2014 through 2017, \$11 million in grants were made to 34 organizations deemed by the SPLC to be hate groups.

In the fall of 2019, the Foundation for the Carolinas came under scrutiny when America’s Voice publicized a letter sent to the Foundation’s Board of Directors criticizing them for \$1.6 million in grants to the Center for Immigration Studies, which the SPLC has classified as a hate group.

Since then, there has been a great deal of media coverage surrounding foundations and where their grant funding is being distributed, especially around DAFs. Currently, we are seeing a range of responses, including:

- The commercial funds and the Foundation for the Carolinas have adopted policies that they consider to be cause-neutral and will continue to allow grants to any public charity in good standing with the IRS.
- In contrast, a national campaign called Hate is Not Charitable led by the Amalgamated Foundation has called for foundations to adopt a policy prohibiting grants to organizations engaged in “hateful activities.” Early adopters of such a policy include the Brooklyn Community Foundation, the East Bay Community Foundation, the Solano Community Foundation, and the San Francisco Foundation.

It is important to note that the Cleveland Foundation has not had a known incident in this regard.

Proposed Policy and Procedures

After researching this issue, staff recommends the adoption of a policy that balances First Amendment concerns with our leadership focus on advancing racial equity and social justice. The proposed policy is as follows:

*We recognize the social, racial and economic injustices that persist in our community and in the world and appreciate our unique role as servant leaders to address the root causes of these systemic issues. The Cleveland Foundation relies on the IRS to regulate organizations, but if we have knowledge of a public charity that is engaged in **hateful activities** defined to mean activities that incite or engage in violence, intimidation, harassment, threats, or defamation targeting an individual or group based upon their actual or perceived race, color, religion, national origin, ethnicity, immigration status, gender, gender identity, sexual orientation or disability, we will not permit grants to that charity.*

Procedurally, we will create an internal team to review grant recommendations from donor advisors of DAFs that are in question of violating this policy. While there is no universally accepted definition of what constitutes a hate group, nor is there a national database that can be easily accessed, staff will look to a variety of sources to determine whether or not an organization is, indeed, a hate group. These will include, but are not limited to, the Southern Poverty Law Center's list and the IRS Exempt Organization Business Master File.

When Cleveland Foundation staff is made aware of an organization in violation of the proposed policy, a profile for that organization will be created in our database and if a donor advisor to a DAF recommends a grant to that organization, the grant recommendation will be denied.