Equivalency Determination Process

All organizations in the Global Charity database are approved by Silicon Valley Community Foundation to receive grant payments. Grants to international organizations without a 501(c)(3) determination letter from the United States Internal Revenue Service require further due diligence through Equivalency Determination in order to ensure regulatory compliance under U.S. Tax Law. Before moving forward, the community foundation will determine if the international organization is affiliated with a U.S. public charity or intermediary organization, as that is often the most efficient option for international organizations to receive U.S. funds. If the requested organization is a government agency or public college or university, we have an abbreviated process for foreign government-related entities.

Equivalency Determination:
Upon receipt of a request to perform Equivalency Determination, SVCF staff will contact the organization to request documentation to determine whether the organization is the equivalent of a U.S. 501(c)(3) public charity. All documents must be submitted in English and the length of the due diligence process will depend on the nature of each organization or entity and its ability to provide the necessary paperwork.

Documentation Needed from International Organization:
- Completed and signed affidavit (must be signed by an institution signatory authorized to execute contracts).
- Governing documents such as by-laws, statutes, articles or organizational constitution.
- Canada only: Canadian organizations registered as a charity with the Canada Revenue Agency can provide proof of registration instead of governing documents.
- Law/provision guiding distribution of grantee’s assets upon dissolution (unless included in governing documents or by-laws).
- List of board members and five key employees or volunteers.
- Public Support and Major Donor Schedules which should include audited financial information for the past 5 years of operations (not required for a hospital, school, place of worship or government-related entity).
- India only: Indian organizations must also provide: (i) proof of registration under India’s Foreign Contribution Regulation Act, (ii) a copy of the organization’s Income Tax Permanent Account Number card, and (iii) if applicable, the organization’s Society Registration Number.

Approval Requirements:
SVCF must determine that an organization is likely to be the equivalent of a U.S. 501(c)(3) public charity. This means the organization must have governing documents that demonstrate the following:
- Show the organization’s 501(c)(3) charitable purpose(s) as defined by IRS regulations.
- Do not expressly empower the organization to engage (other than as an insubstantial part of its operations) in activities which are not in furtherance of 501(c)(3) charitable purposes.
- Do not expressly empower the organization to: (i) devote more than an insubstantial part of its activities to influencing legislation, or (ii) participate or intervene in candidate elections.
- Do not expressly empower, or in the affirmative, prohibit owners or members from having a proprietary interest in the organization’s income or assets.
- Contain a provision, or are supported by background law, that require upon the organization’s dissolution that remaining assets will be distributed to another organization with either similar purposes, a 501(c)(3) charitable purpose or to a government body.

Additionally, the organization must have 5 years of financial data and be able to demonstrate through the Public Support and Major Donor Schedules that it maintains public support of at least 33.33% (unless the organization is a hospital, school, place of worship or government-related entity).

Once approved, the organization will be asked to sign a grant agreement with SVCF (must be signed by an institution signatory) and complete wire instructions.
These are the standards for Equivalency Determination approval. However, in the vetting process organizations are also asked to confirm and provide documentation about other aspects of their organization and practices including anti-terrorism provisions, non-discrimination policies, religious affiliations, registration as a nonprofit and/or tax exempt status and other issues. See Equivalency Determination Procedures table for more details.

### Equivalency Determination Procedures

| Equivalency Determination affidavit basic information | • Legal name  
• Official contact information  
• Date and location of formation  
• Fiscal year end |
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| Affidavit verifying charitable status and other supporting documentation | • Governing or other establishing documents  
• Law demonstrating compliant dissolution provisions, if not covered by establishing documents  
• Public Support and Major Donor Schedules, if required  
• List of board and 5 key employees/volunteers |
| 501(c)(3) affirmations and confirmations | • Purpose limited to charitable purposes as defined by IRC Section 501(c)(3)  
• No substantial lobbying or other political activity expressly permitted  
• No private benefit or inurement expressly permitted |
| Public support affirmations and confirmations | • Organization has 33.33% public support OR  
• Organization has 10% public support and meets certain “facts and circumstances” OR  
• Organization is a hospital, school, church or government-related entity |
| Control of funds | • International intermediaries vetted independently of sub-grantees  
• Screen for fiscally sponsored organizations and/or re-granting organizations and projects |
| Anti-Terrorism/OFAC | • Affirmation of no known employment of or links to terrorists  
• Check organization, board and key employees against terrorism watch-lists  
• Review U.S. sanctions and relevant executive orders to ensure all grants are compliant  
• Review organization’s banking institution against all watch-lists  
• Organization pledges full compliance with OFAC in the grant agreement |
| FCPA/Reputational review | • Review board and key employees to ensure no foreign officials are recipients of grant funds  
Review for any politically exposed persons identified in watch-lists  
Organization pledges full compliance with the FCPA in the grant agreement |
| In-Country charitable registrations | • Collect in-country registration document |
| Public and/or governmental status | • Screen for government-related/sponsored organizations and projects |
| Nondiscrimination | • Affirmation of no engagement in any discriminatory practices  
• Schools screened for nondiscrimination policy |
| Religious organizations | • Confirmation of status as church  
• Confirmation that services and benefits are not contingent on adherence to a particular faith. Organizations that limit their services to a particular faith are noted. |
| Funding and other financial assessments | • Public Support and Major Donor Schedules only, if required |