

How do I recommend a grant?

- Log in to your fund at www.madisongives.org and select "Recommend A Grant"
- Complete and return a grant request form found at www.madisongives.org/grantform
- Call the Donor Engagement team: (608) 232-1763
- Email your request to: recommendagrants@madisongives.org
- Contact MCF to setup automatic annual distributions

MCF requires documentation of all grant recommendations.

To what organizations can I recommend grants?

MCF can make grants to any public charity that is a U.S. 501(c)(3) organization. MCF can also grant to educational institutions, governments or places of worship as described in 170 (b) (1) (A) (ii). Private foundations do not fall under this definition.

Can I recommend grants to organizations outside Dane County?

Yes. While MCF's mission is to improve the quality of life in the Dane County, we understand that many people have charitable interests outside of the county and state. Therefore, any qualified public charity in the U.S. may receive grants from a MCF fund.

What is the deadline for recommending a grant? How quickly will the check be mailed?

MCF makes grant distributions twice per month. At a minimum, grant requests received by MCF by the 15th of each month are eligible to be distributed at month-end pending approval by the Board of Governors.

What is the minimum grant amount I can recommend?

\$200.

Is there a maximum amount of grants I can recommend from my fund each year?

Endowment and Maximum Giving funds may grant up to their annual spending plan amount. This figure is calculated and communicated to fundholders each year in the first week of March. Passthrough funds may grant up to the full fund balance as of the first day of each month, less any pending administrative fees.

Do I get a tax deduction when I recommend a grant from my donor-advised fund?

No. You may claim a tax deduction at the time you make your gift to a fund at the Madison Community Foundation. Grants made from the fund are not eligible for another tax deduction at the time the grant is paid to the selected charity, even if that charity mistakenly sends you a tax receipt.

Am I required to recommend grants every year?

We encourage you to be an active philanthropist and use your fund to support your charitable interests. While you are not obligated to make grant recommendations from the Fund every year, all donor advised funds are subject to MCF's Fund Activity Policy (www.madisongives.org/fundactivity) which requires communication with MCF on your individual giving plan. Please contact the Donor Engagement team if you have any questions regarding this policy.

Why does the MCF Board have the final authority to approve or deny the grants?

IRS regulations require that a donor relinquish control over their gift at the time it is made in order to claim it as a fully deductible charitable contribution. This means that all gifts (and corresponding funds) are technically assets of the Foundation, making the MCF Board the legal entity responsible for them. This includes approving or denying every grant recommendation.

Are grants ever denied?

If a donor suggests a grant to an organization that does not qualify for tax-exempt status, or if it is clear that the donor would receive some benefit from the grant, the Board must deny the request. However, if all suggested grant recipients are qualified U.S. public charities and there is no indication of private benefit to the donor, the Board will endeavor to honor the donor's recommendation.

Can I recommend a grant to purchase tickets or cover membership fees?

MCF cannot accept any grant recommendation for which the donor may receive more than an "incidental" benefit. Prohibited items include:

- Tickets to a benefit dinner or event
- Memberships
- Payment of a relative's tuition to an educational institution
- Raffle tickets
- Preferred seating at sports events

Remember this rule of thumb regarding grants for memberships or special events: If you could not write a check from your personal checking account and receive a full deduction for the gift, then MCF will not be able to make a grant either. Failure to follow this rule can subject both the donor and MCF to tax penalties.

Donors who wish to make a grant and forfeit any benefit could make a recommendation with the following language: *"I am suggesting a grant to {name of organization} from my donor advised fund at the Madison Community Foundation. Please note that if the grant is approved, it does not qualify for goods or services. I do not wish to receive any goods or services."*

I want to fulfill a pledge to a specific charity through my fund. How do I do that?

The MCF Board cannot approve any grant recommendation that specifies it will be used to fulfill a legally binding pledge obligation entered into by the donor/advisor, since that can be seen as MCF providing a personal benefit to the donor/advisor, potentially subjecting the donor/advisor and MCF to tax penalties. If a charity requests a pledge commitment, you may respond by submitting a general grant recommendation to MCF for the charity and providing them with an indication of intent, such as: *"I/we have suggested that a grant be made from the {name of fund} of the Madison Community Foundation to {name of organization}. Pending approval by the MCF Governing Board, a check will be issued from the Foundation to {name of organization}."*

Can a donor advised fund make a grant to an individual?

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. Further, donors, advisors or related parties are prohibited from receiving grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.

Can I hold a fundraiser and get reimbursed for my expenses in organizing the event?

No. Under the Pension Protection Act, donors, advisors or related parties are prohibited from receiving grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.