

Madison Community Foundation offers multiple fund options to help donors meet their charitable goals including donor advised funds (DAFs). Donors generally establish DAFs at the Foundation for unrestricted charitable purposes. The donor or other named fund advisors (“Fund Advisor”) may make recommendations to the Foundation regarding the grant amount, recipient organization, and timing of distributions from the fund. The Foundation retains final authority to approve all distributions.

Madison Community Foundation encourages donors and fund advisors to actively recommend grants to the charitable causes they care about. This DAF Fund Activity Policy was established to ensure our donor advised funds remain active and continue to make a charitable impact in our communities.

Every contribution to a donor advised fund is an irrevocable charitable contribution that is legally owned by Madison Community Foundation. These funds are institutional funds of the Foundation, not a personal savings account of the donor, and may only be used for charitable purposes which do not confer any private benefit on the donor or any other person. The Foundation monitors fund activity to ensure funds maintain a minimum level of activity and do not confer any private benefit. If this policy ever conflicts with federal or state law (including UPMIFA), the relevant law controls.

Fund Activity and Exceptions

A donor advised fund is considered active when the Fund Advisor recommends a grant to a qualified charitable organization or recommends an interfund transfer to another non-DAF fund held by Madison Community Foundation within a three-year period. The amount of grantmaking may vary from year to year. Exceptions may be made in certain scenarios, such as:

Developing a General Giving Plan: The Fund Advisor makes a substantial contribution to a donor advised fund (for example, upon the sale of a business), and refrains from recommending grants for an initial period while consulting with Foundation staff and/or doing research to determine what types of grants would best meet community needs while fulfilling their charitable goals.

Long-term Giving Plan – The Fund Advisor refrains from recommending grants for a set period of time to achieve a long-term giving objective:

- **Future Giving Plan** – The Fund Advisor prioritizes building the fund balance to ensure grantmaking during their retirement and/or when their income may change.
- **Next Generation Giving Plan** – The Fund Advisor prioritizes building the fund balance to leave a charitable legacy for the next generation to advise.

Special Project Giving Plan – The Fund Advisor refrains from recommending grants for a set period of time in order to make a larger grant or series of grants for a specific project.

Other Exceptions – Other exceptions to the DAF Fund Activity Policy may be approved by the Foundation’s President & CEO and documented in the Fund record.

Addressing Inactivity & Activating Grantmaking

The Foundation reviews all donor advised funds on an annual basis to ensure compliance with the fund activity policy and identify inactive Funds. In the absence of regular grantmaking or a documented

exception as described above, Foundation staff will attempt to contact the Fund Advisor periodically by the best available means (including phone, email and postal mail) to encourage grant recommendations.

The Foundation contacts all DAF Fund Advisors by letter each year to provide a summary of fund activity and to encourage grant recommendations.

In cases where the Fund has not distributed a grant for two successive years, Foundation staff will contact the Fund Advisor by letter to encourage a grant recommendation and to remind them of the DAF Fund Activity Policy.

In cases where the Fund has not distributed a grant for three successive years, it will be considered inactive. Foundation staff will attempt to contact the Fund Advisor via certified mail and take steps to activate the Fund such as:

- Initiating a grant for the minimum grant award amount (currently \$200) from the Fund to a qualified charitable organization that aligns with donor intent as documented or demonstrated by previous grant distributions;
- Initiating an interfund transfer for the minimum grant award amount (currently \$200) to another non-DAF fund held by Madison Community Foundation;
- Initiating any other distribution in accordance with the fund agreement and Madison Community Foundation policies

In cases where the Fund remains inactive beyond three years and Foundation staff have been unable to contact the Fund Advisor, the Foundation may choose to consider the Fund abandoned and treat it as an undesignated gift. The Foundation Board may exercise its variance power to redirect these resources to meet the needs of the community (taking into account the original intentions of the donor, if expressed) by converting or terminating the Fund and directing grants to qualified charitable organizations.

Accepted and approved with a majority vote of the Governors
present at its meeting on February 18, 2026

DEFINITION OF TERMS

Donor Advised Fund

A fund may be classified as “donor advised” if it has at least these three characteristics: (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund’s distributions or investments; (2) the fund is separately identified by reference to contributions of the donor(s); and (3) the fund is owned and controlled by a sponsoring organization, such as a community foundation.

Donor/Fund Advisor

The donor or person appointed or designated by the donor who has or reasonably expects to have advisory privileges with respect to the fund’s distributions or investments. The donor/fund advisor retains the privilege to recommend grants from their charitable fund.

Qualified Charitable Organization

Donors may deduct charitable contributions in accordance with Federal and their respective state tax codes only if donations are made to a qualified organization. Most organizations, other than churches and governments, and public schools must apply to the IRS to become a qualified organization. Refer to the Foundation’s Grantmaking Due Diligence Policy and Grant Recommendation FAQs for more information.

Sponsoring Organization

An organization, like a community foundation, that owns and controls donor advised funds.