

Recommending Grants From Your MCF Fund

One of the most rewarding aspects of having a fund at Madison Community Foundation (MCF) is getting to recommend distributions to organizations you support. These are some of the most frequently asked questions we receive about recommending a grant:

1. How do I recommend a grant?

When you are ready to recommend a grant, you can do so in a number of ways:

- **Online:** Log in through the fund portal at www.madisongives.org and “Recommend a Grant.”
- **Mail:** Complete a grant recommendation form (found at www.madisongives.org/grantform) and mail it to us.
- **Call:** Call the donor engagement team at 608-232-1763 with your recommendation. They will follow up by email or by sending you the required paperwork in the mail.

MCF requires documentation of all grant recommendations.

2. To what organizations can I recommend grants?

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

You can recommend a grant to any charity in the United States that qualifies under these rules.

4. What is the grant recommendation deadline? How quickly will the check be mailed?

MCF makes grant distributions twice per month: grant requests MCF receives by the 15th of each month will be distributed at month-end, pending approval by the Board of Governors.

5. What is the minimum grant amount I can recommend?

The minimum grant amount is \$200.

6. Is there a maximum amount I can recommend from my fund each year?

If you have an Endowment or Maximum Giving fund, you may recommend grants up to your annual spending plan amount, which is calculated each year and communicated to fundholders in the first week of March. Passthrough funds may grant the full fund balance as of the first day of each month.

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

No. You may claim a tax deduction when you make a gift to your fund at MCF. 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.

8. Do I have to recommend grants every year?

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 (found at www.madisongives.org/fundactivity), which requires you to communicate with us about your individual giving plan.

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

To claim a donation as a fully deductible charitable contribution, the Internal Revenue Service (IRS) requires you to relinquish control over your gift when you make it. This means that all funds are technically assets of MCF, making the MCF Board of Governors the legal entity responsible for them. This includes approving or denying every grant recommendation. As long as all suggested grant recipients are qualified U.S. public charities and there is no indication of private benefit to you, the Board will endeavor to honor your recommendation.

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

You cannot make a grant recommendation for which you may receive more than an "incidental" benefit. Prohibited items include tickets to a benefit dinner or event, memberships, payment of a relative's tuition, raffle tickets, or preferred seating at sports events. Failure to follow this rule can subject both you and MCF to tax penalties.

If you want to make a grant and forfeit any benefit, you can make a recommendation with the following language: *"I am suggesting a grant to {name of organization} from my donor advised fund at 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."*

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

We cannot approve grant recommendations to fulfill legally binding pledge obligations because it could be seen as MCF providing a personal benefit to you. 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 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}."*

12. Can I use my donor advised fund make a grant to an individual?

No. Donor advised funds can 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.

13. 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.