



MONTANA
COMMUNITY
FOUNDATION

Guide to Grantmaking

Thank you for partnering with Montana Community Foundation, Inc. (MCF) to fulfill your charitable goals. This guide for recommending grants from donor advised funds will help you understand MCF's grantmaking process, adhere to IRS regulations and access MCF professional services to assist you with grantmaking.

WHICH ORGANIZATIONS CAN RECEIVE GRANTS

All grants made by MCF must be paid to public agencies (schools, libraries, etc.) or 501(c)(3) public charities. Private foundations or other types of nonprofits, like service groups, a Chamber of Commerce or other member-benefit organizations are not eligible. MCF cannot make grants to individuals.

If you wish to support a charitable project in the community that either does not have any charitable legal status or has an ineligible type of charitable legal status, we will attempt to find a fiscal sponsor to accept responsibility for the grant. Finding a fiscal sponsor is not always possible. Also, at no time can the grant money be "passed through" to a non-eligible group by a 501(c)(3). The grant made by MCF, as recommended by you, becomes the legal asset of the fiscal sponsor organization for the purpose described.

When using the online donor portal, you will receive an alert if the organization you are recommending for a grant does not have 501(c)(3) status. If you are unsure or wish to check before making a grant recommendation, call MCF at 406.443.8313 and speak to the Grants Program Officer. We will be happy to do the research about the current legal status of your potential grantee.

You may recommend grants to eligible organizations, public agencies or 501(c)(3) organizations, located or providing services anywhere in the U.S.

RECOMMENDING GRANTS FROM DONOR ADVISED FUNDS

We strive to make recommending grants from donor advised funds fast and easy. The simplest way to recommend a grant is through the online donor portal. To register, email Cathy Cooney (ccooney@mtcf.org) or call 406.441.4954. You will then be sent an email invitation to register. Once you have clicked on the link in the email invitation and established a username and password, you will have 24/7 access to fund information. The portal allows you to view the fund's distributable balance, review grantmaking history, make grant recommendations and more.

USING THE DONOR PORTAL

To Recommend a Grant:

1. Visit our website (www.mtcf.org) and click on the "MyFund" located at the top-right of each page. This link directs you to a log-in page where you will enter your username and password.
2. Once on the home page, you will see the following options in the navigation panel on the left side:

NAVIGATION

Home

Make a Grant Recommendation

Giving Opportunities

Grant History

Grants Pending Your Approval

Recurring Grants

Make a Contribution

Contribution History

Sign Out

3. Click on Make a Grant Recommendation.
4. Enter the name of the organization in the open field under Search the Charity Database and click on Search.
5. When you see the name of the organization you are searching for, click on the Make a Grant Recommendation link located to the right of the organization's name.



6. Enter the grant amount and the grant purpose (if you wish to restrict the use of the grant).
7. If you wish to provide an unrestricted grant or grant for operating support, you can leave the field blank or enter “unrestricted.”
8. You have the option to set up future grant payments on a recurring basis to this organization, but this is not required.
9. You may add special instructions.
10. Check the “Anonymous” box if you wish to remain anonymous to the grantee.
11. Click “Next”.

Once you complete the grant recommendation, it will automatically be sent to the MCF Program Staff for processing. When MCF staff receive the recommendation, they will send you a confirmation email. If you *don't* receive a confirmation within two business days, please call 406.443.8313 or email jessica@mtcf.org.

OTHER OPTIONS

If you are unable to access the online donor portal, please contact Cathy Cooney at 406.441.4954 or ccooney@mtcf.org.

PROCESSING YOUR GRANT REQUEST

Grant checks are processed weekly, generally on Fridays. Online grant recommendations received Monday-Wednesday morning, will be processed and if approved, distributed that Friday. If the grant request is received *after* 10 a.m. Wednesday morning, the grant check will normally be mailed a week from that Friday.

If there are any unusual circumstances, the grant may take additional time to process. The most common difficulty is when the legal status of a 501(c)(3) organization cannot be verified. MCF program staff will inform you if there will be a delay in processing your recommendation.

Grant volume is very high in **November** and **December**. Grant recommendations during this time period may take longer to process. Since all endowed donor advised funds receive their calculated payout by **March 1**, we strongly encourage donors to recommend grants throughout the year and to not wait until the year-end. Remember that many nonprofits have cash-flow problems in the summer when donations drop. You can be their hero by making your grants in the summer, instead of during the holiday season.

FUND BALANCE

The “distributable,” balance, i.e. the amount of money available for grantmaking, is available at any time on your home page in the donor portal. To review this balance, sign in to your online donor portal account and look at the box on the left of the screen titled “Account Balances.” On the bottom line, you will see the “Grantable Amount” listed. This is what is currently available for grantmaking. This balance is updated frequently. If there has been recent grant activity, the balance should reflect that grant. To check, look at the “Recent Grants & Payments” history in the middle of the home page.

The minimum grant size is \$500. Please discuss grant recommendations with MCF program officers if you would like to request an occasional exception to that policy to make a grant smaller than \$500.

Donor Advisors are normally listed on the cover letter that is sent to the grantees with the grant check, so that grantees may send you a personal thank you letter. If you wish to make your grants anonymously, please check the “Anonymous” box when recommending the grant. If you wish to remain anonymous, MCF will forward any thank you cards we receive from grantees.

DETERMINING THE FUND DISTRIBUTION

MCF determines the distribution from each endowment by calculating the approved payout rate (currently 4.5%) of the value of the fund, **based on the average daily value for the past 36 months**. The MCF Board sets and annually reviews the payout rate for the next year. This determination helps mitigate market fluctuations and provide you a more predictable distribution. If the fund is less than three years old, some of quarters will indicate a \$0 balance. This will reduce the distribution. To receive the full annual payout amount while the payout is building, you may make an additional contribution to the distributable portion of the endowment.



USING THE DISTRIBUTION

Although the IRS does not currently regulate how much must be spent from Donor Advised Funds, Congress is paying particular attention to the topic. Future federal regulation of require spending from Donor Advised Funds is possible. The IRS does not look favorably on donor advised funds that “park” money, i.e. fail to recommend grants and accumulate money in the distributable. With that in mind, we ask you to make every effort to make robust grant recommendations as close to 100% of the distributable “grantable” funds available to you each year. The grantable funds are intended to be used to benefit philanthropic causes. Unused grant dollars do not have a beneficial impact.

MCF encourages you to name MCF as a beneficiary of your generosity by making some grants to the Founder’s Fund to support MCF’s mission of cultivating a culture of giving so Montana communities can flourish. For more information on supporting the Founder’s Fund or MCF’s initiatives, please contact Jessica Stewart-Kuntz at 406.441.4950 or jessica@mtcf.org.

SUCCESSOR ADVISORS AND INACTIVE FUNDS

We encourage donors to involve their families in philanthropy and to create a culture of giving in Montana for all generations. Therefore, MCF does not currently limit the number of successor generations that may be named as fund advisors (fund representatives). However, if an advisor from a successor generation allows the fund to become inactive, MCF will deem the advisory period to have ended. See the inactive fund policy below.

A fund is deemed inactive if:

- The fund advisor dies or resigns or evidence of his or her incapacity is provided to MCF, and if no successor advisor has been named.
- All named successor advisors are unable or unwilling to serve as such.
- No recommendations are made with respect to grants from the fund for a period of two years and, during such period, the advisor or successor advisor is nonresponsive to MCF’s attempts to contact them.

If the fund becomes inactive, the MCF Board will exercise its variance power. It will deem the advisory period to have ended and will initiate distributions from the fund in accordance with the provisions of the fund agreement.

IRS REGULATIONS AFFECTING DONOR ADVISED FUNDS

The IRS scrutinizes donor advised funds closely and has some legal restrictions on grants recommended from donor advised funds. They are listed below. If you adhere to these restrictions, we can usually approve your grant recommendations without delay.

1. Pledges

Donor advisors may not fulfill a pledge through a grant from a donor advised fund. **Please do not promise a grant to any potential grantees, verbally or in writing.** If you do, the IRS will regard the payment of a grant in fulfillment of that pledge as a benefit to you as the donor since the donor advised fund is fulfilling your personal financial obligation. We want to protect your charitable tax deductions for the gifts you made to the donor advised fund. Help us do that by not ever making a pledge in conjunction with a donor advised fund.

2. Benefits to Donors

Donor advisors may not benefit in any way from a grant recommended from their fund. To err on the side of caution, we instruct grantees to not provide any benefit whatsoever for any grant recommended from a donor advised fund. This means no memberships, no tables at fundraising dinners, no merchandise from the nonprofit (like t-shirts or coffee cups) and no personal recognition or naming opportunities.

3. Recognition

All recognition for grants you recommend is attributed to the fund you established at MCF, not to you as an individual donor. When the grant is paid, the grantee will be instructed to recognize the “[Name of your fund] at the Montana Community Foundation,” not you as an individual, organization or business. This is not intended to deprive you of recognition for your generosity, but instead to protect you violating IRS regulations.



ADDITIONAL GRANTMAKING SERVICES

The Grants Program Department at MCF offers a variety of services to assist you with grantmaking:

1. Explore New Program Areas

MCF staff can help you explore new grantmaking opportunities or interests. MCF features organizations doing great work in our monthly Infinity e-newsletter and under “Giving Opportunities” on your home page of the donor portal.

We provide our donors with a donor questionnaire. Completing the questionnaire is optional, but it educates MCF staff about your individual philanthropic interests and whether you would like to be alerted when new and special opportunities arise to make a grant in your area(s) of interest. For example, if you support the arts and culture sector in your town, we could alert you if we are aware of a new program being launched by the local art museum, especially if funding for the program is contingent on raising matching money. Funding challenges or matching grant opportunities are a great way to leverage the grant dollars from donor advised funds.

2. Research on Potential Grantees

MCF's Grants Program Officer can conduct research on potential grantees if you would like to learn more about an organization before making a grant recommendation or if you would like to learn about more organizations doing the work you would like to support. For example, we can assemble a list of possible grantees that work in a specific program area or in a specific geographic area. We can also collect the following information from a potential grantee: board roster, financial statements, information on program activities, strategic planning documents and more.

3. Site Visits

Site visits are a great way to learn more about a grantee or potential grantee. We can work with the nonprofit organization(s) to arrange a time for you to speak to staff and see the facilities. Nonprofits generally enjoy the opportunity to showcase their programs. Donors usually learn much more about a program seeing it in action versus reading about a program online or in a brochure. We would be happy to arrange those visits. In some cases, MCF staff may be able to do a site visit or phone interview for donor advisors.

4. Competitive Grant Programs

MCF provides a higher level of service to those who wish to have MCF staff play a more active role in managing a competitive grant program for a fund. Competitive grant programs are an excellent way to learn more about which nonprofits are active in the program area you are interested in. You can also learn much more about the organizations and how they carry out their mission.

These services are typically provided for a small additional fee. For these types of arrangements, MCF staff can perform the following services:

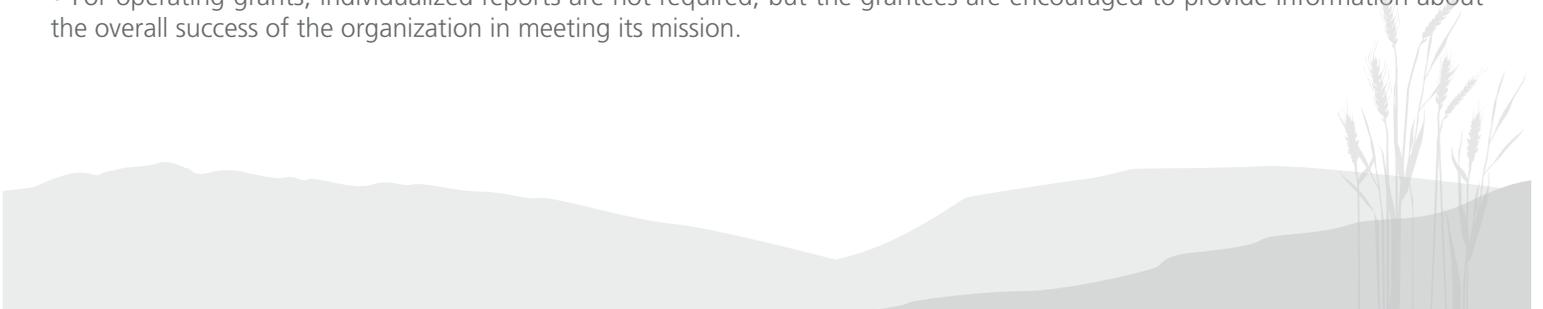
- Prepare a request for proposals and publicize the new grant opportunity.
- Accept competitive applications using MCF's online grant application system.
- Provide technical assistance to nonprofit organizations applying for a grant or seeking more information about the requirements.
- Screen the application and verify compliance with eligibility requirements.
- Invite donors and any other grant review committee members to review and score the applications.
- Assist you as the advisor in determining which grants you wish to recommend based on the scores and qualitative criteria.
- Arrange site visits if you would like to visit with the applicants before making a decision.
- Arrange grant reports to help you monitor the use of the grant funds.

POST-GRANT REPORTING

We want to provide feedback to donors on the outcomes of grants without creating an undue administrative burden on our nonprofit partners. MCF grant reporting guidelines are as follows:

\$500.00 - \$5,000.00

- Minimal or no reporting is required for these grants.
- MCF may ask for photographs of the funded program/project and a brief description of the project (no more than 200 words).
- For operating grants, individualized reports are not required, but the grantees are encouraged to provide information about the overall success of the organization in meeting its mission.



\$5,000.00 - \$10,000.00

- Minimal reporting will be required from grantees including, photographs and/or a brief narrative (no more than 350 words) describing the outcomes of the project.
- For operating grants, individualized reports are not required, but the grantees are encouraged to provide information about the overall success of the organization in meeting its mission.

\$10,000.00 and Above

- Reporting will be required from grantees including, photographs and/or a brief narrative describing the outcomes of the project. MCF may also request a detailed accounting of the use and expenditure of grant funds.
- For operating grants, individualized reports are not required, but the grantees are encouraged to provide information about the overall success of the organization in meeting its mission.

FOR ADDITIONAL ASSISTANCE

If you need any help or have questions about grantmaking from donor advised funds, please contact the following MCF staff members. We will be happy to assist you!

Cathy Cooney
Director of Donor Services
ccooney@mtcf.org
406.441.4954

Jessica Stewart-Kuntz
Director of Operations & Grants
jessica@mtcf.org
406.441.4950

*The information in this publication is not intended as legal or tax advice. For legal or tax advice, please consult your attorney and/or tax professional.

33 S Last Chance Gulch, Ste. 2A Helena, MT 59624 110 W Front Street, Missoula, MT 59802

p 406.443.8313 **f** 406.442.0482 **e** info@mtcf.org www.mtcf.org

©2018 Montana Community Foundation. All rights reserved. 04/2018

