

# Grantmaking Guidelines Checklist



SET UP YOUR FOUNDATION FOR SUCCESS

Once your foundation’s organization and governance are in place, now comes the fun part—making an impact! But before you make your first grant, there are a few key decisions you’ll need to make to meet your foundation’s giving goals. Use our handy checklist to make wise use of your resources and maximize your philanthropy.



<p><b>5% Minimum Distribution Requirement (MDR):</b>                  The IRS requires private foundations to distribute a minimum of 5% of the previous year’s net average assets annually.                  *Foundations have no payout requirement in the first year of existence.</p>	<p>Complete</p>
<p>Determine how you will track your MDR.                  (Foundation Source calculates and tracks this for you.)</p>	<p><input type="checkbox"/></p>
<p>Review qualifying distributions including:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Grants to public charities</li> <li><input type="checkbox"/> Grants to nonprofits</li> <li><input type="checkbox"/> Grants to individuals (including scholarships or emergency aid).<sup>1</sup></li> </ul>	<p><input type="checkbox"/></p>
<p>Determine other qualifying distributions that help achieve the foundation’s charitable purpose including:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Non-investment-related admin expenses</li> <li><input type="checkbox"/> Equipment</li> <li><input type="checkbox"/> Direct charitable activities</li> <li><input type="checkbox"/> Program-related investments</li> </ul>	<p><input type="checkbox"/></p>
<p>Ensure you’re not including these expenses that don’t count towards the MDR: investment management fees, bank charges, custodial fees, compensation, and legal fees.</p>	<p><input type="checkbox"/></p>

<sup>1</sup> There are special rules and procedures around scholarships, grants to individuals, and grants to organizations that are not 501(c)(3) public charities. Foundation Source clients should consult their Private Client Advisors for more information.

Create a Spending Plan	Complete		
Determine the foundation's granting budget.	<input type="checkbox"/>		
Consider questions for present and future needs such as: <ul style="list-style-type: none"> <li><input type="checkbox"/> Exceeding the 5% MDR</li> <li><input type="checkbox"/> Spending down resources</li> <li><input type="checkbox"/> Growing the foundation's endowment</li> <li><input type="checkbox"/> Cash flow/reserves to meet operational needs, etc.</li> </ul>	<input type="checkbox"/>		
Determine your grantmaking budget by considering: <ul style="list-style-type: none"> <li><input type="checkbox"/> Giving to the foundation's "historical interests"</li> <li><input type="checkbox"/> Targeted programs</li> <li><input type="checkbox"/> A reserve for special opportunities</li> <li><input type="checkbox"/> Discretionary funds for individuals' favorite causes</li> <li><input type="checkbox"/> Other</li> </ul>	<input type="checkbox"/>		
Develop a Grantmaking Strategy	Complete		
<b>Step 1:</b> Create a system to identify potential grantees. <b>Step 2:</b> Evaluate proposals. <b>Step 3:</b> Define the terms and conditions of your gift.	<input type="checkbox"/>		
Ask the following: do you want to seek or be found, where are the foundation's boundaries, how long will you fund any one organization, and what types of grants will you give?	<input type="checkbox"/>		
Find Worthy Grantees	Complete		
Identify partners to further the foundation's goals.	<input type="checkbox"/>		
Verify if the organization is in good standing with the IRS. (Foundation Source clients have access to our online directory.)	<input type="checkbox"/>		
Visit each nonprofit's website and conduct research to understand and/or evaluate: <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Clear mission</li> <li><input type="checkbox"/> Types of activities and programs</li> <li><input type="checkbox"/> Board members</li> <li><input type="checkbox"/> Length of operations</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Who they serve</li> <li><input type="checkbox"/> How many they serve</li> <li><input type="checkbox"/> Metrics and evidence of success</li> <li><input type="checkbox"/> Controversies or scandals</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Clear mission</li> <li><input type="checkbox"/> Types of activities and programs</li> <li><input type="checkbox"/> Board members</li> <li><input type="checkbox"/> Length of operations</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Who they serve</li> <li><input type="checkbox"/> How many they serve</li> <li><input type="checkbox"/> Metrics and evidence of success</li> <li><input type="checkbox"/> Controversies or scandals</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Clear mission</li> <li><input type="checkbox"/> Types of activities and programs</li> <li><input type="checkbox"/> Board members</li> <li><input type="checkbox"/> Length of operations</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Who they serve</li> <li><input type="checkbox"/> How many they serve</li> <li><input type="checkbox"/> Metrics and evidence of success</li> <li><input type="checkbox"/> Controversies or scandals</li> </ul>		

## HAVE A QUESTION?

Call 800.839.0054 or send us an email at [info@foundationsource.com](mailto:info@foundationsource.com).

[www.foundationsource.com](http://www.foundationsource.com)

©2022 Foundation Source Philanthropic Services Inc.  
All rights reserved. v0822

The information provided in this document is for general information purposes only, and does not constitute legal, tax or investment advice.