

New Garden Fund Pass Through Account – Options for the future

The New Garden Fund started in 2006 with seed money from the City of Madison CDBG (\$4,696) and CAC (\$5,178.25). The account was placed at the Madison Community Foundation and is stewarded by Community Action Coalition for South Central WI, Inc. (CAC). As it is currently structured the New Garden Fund is a pass through account, meaning money goes in and is awarded out, but it earns no interest and is not invested to make a return. Pass through accounts are generally set up for single events/projects and are not intended to be long term tools for funding programs.

Recent events have given CAC reason to pause and reconsider The New Garden Fund and how to best use it to benefit community gardening in our community.

1. Due to the popularity of community gardening and the expansion of CAC's program outside the City of Madison we are looking for ways to better support all community garden efforts in Dane County.
2. In 2011 CAC received a \$10,000 gift from an estate to support community garden efforts and we would like to maximize the impact of this gift to help build and support the program into the future. We would like to use this money to help community gardens throughout Dane County but do not want to set up a funding mechanism that runs parallel to the existing New Garden Fund. The bequest does not restrict the funds to endowment, only that they be used for community gardens.
3. Beginning January 1, 2012 the Madison Community Foundation has instituted a 1% administrative fee for pass through fund account contributions.
4. The new Garden Fund has had a balance of around \$9,500 over the past few years. In any given year we can grant out 25% of this amount between the approved grant applications. The amount granted each year is generally replaced by incoming contributions but the fund has not grown. The amount to be granted per garden can vary from year to year based on the number of applications, but it is rarely more than \$1,000 and sometimes as small as \$200. These amounts are very small compared to the actual costs of starting a new garden.
5. It is our belief that it will be easier for both us and the Madison Community Foundation to direct a larger number of contributors and bigger donations to an endowment rather than a pass through fund. However, there are several considerations to ponder:

Considerations for the Fund:

1. Leave it as is, knowing that it won't earn interest and may need to change its structure at some point depending on Madison Community Foundation policies.
2. Transfer all money in the New Garden Fund to an "Advised Field of Interest" Community Gardens endowment (see end of document for description). CAC's Board of Directors will have to determine whether or not the \$10,000 bequest it has received would be best used to further community gardens by being added to the fund or by directing its use in a different way to support community gardens. Regardless, money in the fund will be available to all new or

expanding gardens in Dane County instead of just the City of Madison. For the first four years of funding through the endowment at least 75% of the available grant money will be reserved for new/expanding gardens in Madison. A maximum of 25% of the available funds will be made available to new/expanding gardens in Dane County outside the City of Madison. Any money in the account will be divided into fourths and the New Garden Fund can grant that money to new/expanding gardens during the next four years. After those four years all grants will be made out of the endowment.

Other than a few individual donations over the years, the only money funding the New Garden Fund are contributions from CAC supported gardens in the City of Madison. These gardens are asked to make a 10% contribution from their plot fees each year. Most gardens do make this contribution and are glad to do so, understanding that they have some obligation to the program to help other gardens get started just as they were helped. If we change to an endowment we will need to make a decision on where to direct these contributions in the short term if the New Garden Fund continues to operate, if just for a few years. If the endowment is created, CAC will begin asking any garden we support outside the City of Madison to also make a contribution to the fund each year.

Finally, while CAC would be the steward of the newly created endowment, we would put language into the endowment that would pass this stewardship on to another group should CAC ever discontinue the community gardens program.

From Madison Community Foundations web site:

Field Of Interest Fund

A Field of Interest fund is a permanent endowment that allows you to direct your giving to a narrow or broad issue area.

Field of interest funds are created for a specified purpose or geographic region. Current MCF field of interest funds support environmental litigation, enhancements for the elderly, Madison-area neighborhood centers, and the Middleton community. Each year, Madison Community Foundation staff and Board identify projects and distribute grants to charities whose projects meet the area specified by you.

A field of interest fund may be established by an individual, family, group, business or community using an opening balance of at least \$15,000. [View a sample Field of Interest fund agreement here](http://www.madisoncommunityfoundation.org/Document.Doc?id=139) (<http://www.madisoncommunityfoundation.org/Document.Doc?id=139>)

[Click here to view a list of Field of Interest funds](http://www.madisoncommunityfoundation.org/Page.aspx?pid=436#FOI)
(<http://www.madisoncommunityfoundation.org/Page.aspx?pid=436#FOI>)