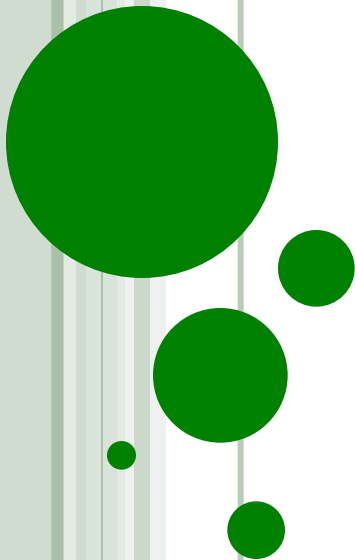


*The*  
COMMUNITY  
FOUNDATION



# **Agency Endowments**



# WHY ESTABLISH AN ENDOWMENT?

- Create new revenue stream.
- Build financial stability.
- Ensure uninterrupted services.
- Provide for future needs.
- Create opportunity to talk to donors about long term support.

# WHY THE COMMUNITY FOUNDATION?

- Expertise and credibility.
- Allows your agency to focus on its mission.
- Protection of assets from possible future Board neglect, invasion or improper use.
- Fund recognition and promotion.
- Low cost.
- Donor flexibility.

# OPERATION OF AGENCY ENDOWMENTS

- Agency Endowment Fund established with \$5,000 minimum contribution by 501(c)(3) organization.
- Fund assets are pooled with other Foundation funds for investment purposes.
- Foundation assists in promoting Fund to donors.
- Foundation acknowledges all contributions to the donor and sends acknowledgement to beneficiary organization.
- All funds of Foundation audited annually.
- A federal tax form (Form 990) is filed which includes the endowment as a component.

# SPENDING POLICY

- Investments and distributions from fund governed by Foundation's Investment and Spending Policy.
- Total investment return
- Distributions calculated at 4% of the average market value of the Fund over the past 12 rolling quarters.
- Distributions made annually.
- Will not make a distribution if value of fund drops below principal.
- Fund activity and investment results are reported quarterly.

# VARIANCE POWER

- Assures donors that if agency is no longer functioning, their contributions will be directed to agency serving a similar purpose in the community.
- Agencies with Funds are required to be actively performing services in the community to receive annual distribution.

## BOTTOM LINE

- An endowment at the Foundation offers ease and economy of scale in growing your fund.
- Is not a checkbook; cannot spend principal at will.
- Creates a legacy in the form of a long-term financial resource for organization.