

# AGENCY ENDOWMENT FUND

*Building for the future*



**ESTABLISHING AN AGENCY ENDOWMENT FUND** at the Community Foundation is a simple and efficient way to build income for your nonprofit organization. Our experienced staff can help you develop planned giving programs and assist with investment management and administrative details.

## HOW IT WORKS:

- Your board determines how much you would like to invest long-term.
- Your organization works with our professional staff to complete a fund agreement.
- We set up a special fund in the name of your nonprofit organization.
- Your nonprofit organization receives quarterly statements on the fund.
- You or anyone may add to the fund at any time in any amount.
- We handle all of the administrative details – including investment management, gift acceptance and acknowledgement, accounting and audit.
- An annual distribution from your fund is available for your organization. Your gift – and all future earnings from your gift – is a permanent source of revenue, helping your organization to do good work forever.

**ADVANTAGES.** An Endowment Fund is a safe and simple way for your nonprofit organization to establish an endowment. Donors can be sure the endowed fund's principal will be invested, protected and can grow over time, providing a source of lasting support. The Foundation's economies of scale will provide your organization the benefits of a diverse investment portfolio and low investment fees that typically come only with very large funds.

Your organization's regular donors can leave a bequest through the community foundation to benefit your organization forever and create a personal legacy. The Community Foundation will facilitate even the most complex planned gifts or gifts of appreciated stock or real estate. We handle investment management and the administrative responsibilities related to endowment so that your organization's staff and volunteer hours are concentrated on fulfilling your mission.

## Developing Permanence

Dress to Work helps low income individuals transition out of underemployment by providing career training, mentoring and professional attire. Like many nonprofits, it struggles to cover operating expenses. Over the years, several of its volunteers have offered to contribute gifts of appreciated stock or real estate, but Dress to Work did not have the ability or expertise to accept those types of gifts. Executive Director Jenny Pike says, "We simply didn't have the sophistication to handle some kinds of gifts. It was so frustrating to turn away willing donors." As a result of establishing the Dress to Work Designated Fund at their local community foundation, the organization has added the ability to accept large and complex gifts. Plus, it was able to develop a planned giving program and a permanent endowment, providing a regular stream of support while leaving the management and reporting to the community foundation.

## A NONPROFIT ENDOWMENT FUND AT THE COMMUNITY FOUNDATION GIVES YOU:

1. A “plan” so your donors know how a larger endowment gift to your organization will be managed.
2. Access to professional investment expertise. The Community Foundation’s business is to invest and administer charitable endowments. We engage institutional investment professionals to assist us, giving all nonprofits in our community access to a level of expertise not accessible individually.
3. Additional oversight of your endowment by the Community Foundation staff, investment committee and board.
4. Preservation of purpose. The Community Foundation is a third party protector ensuring that dollars will be preserved as endowment and not used for any other purpose.
5. Increased donor confidence due to numbers 1-4 above.
6. Lower costs due to economies of scale.
7. Reduced administrative burdens on your staff and board since the Community Foundation (a) accepts many types of gifts on your behalf including stock, real estate, life insurance or retirement benefits, bequests, etc., (b) acknowledges all gifts and (c) invests, accounts for and audits the funds.
8. Increased visibility for your endowment.
9. Access to endowment marketing support from Community Foundation staff.
10. Access to endowment development and planned giving education.
11. Access to a diversified investment portfolio and to investments requiring larger minimums.
12. Creditor protection. The assets in your endowment may not be subject to creditor claims against your organization.
13. Continuity of your donors’ intent. The endowment is preserved as such even if the organization ceases to exist. It is simply redirected to a like cause/organization.
14. Creation of a significant community partnership. You manage your mission (which is your primary business) and the Community Foundation manages your endowment (which is our primary business).



This chart is for demonstration and informational purposes only and assumes a 4% annual payout and 7% rate of return.

*Note: Endowed funds may be established with a gift of \$10,000 or more.*



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